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INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. VII. No. 1. JULY, 1922. Price, $1.00 a Year.

TO THE INDUSTRIAL LENDERS OF THE UNITED STATES

Those in charge of the arrangements for the National Convention in September, have two main objects in view:

First, to bring to the attention of every Lender in the United States, the realization of the fact that he should do his part, be it large or small, not only to perpetuate his individual business in his community, but to perpetuate his State and National Association.

It should therefore not be necessary for the committee to plead with any lender to attend this convention. The mere announcement of the dates of an event so important in the history of the Small Loan Business should be sufficient to induce every lender in the country to make up his mind to attend and to do his part toward its success by sending to the committee ideas and suggestions for the program which is now in process of formation.

The business topics to be discussed and the good will that will accrue to your business from the prominence and publicity given by reason of the fact that this convention will be held in the largest and most wonderful city in the world, will be well worth your time, and the expense of a trip to New York. You cannot afford to miss this opportunity to join in the discussion of many topics vital to the continued prosperity and future growth of your business. No committee can make a convention of this size a marked success without the individual efforts and coöperation of every member in the organization. Each member must do his part and to do this he should not only attend, but should show his interest by taking an active part in every thing that is done.

The second object in view is that of entertainment:

Can you imagine a more delightful vacation than a trip to New York in September? There will not only be something at every business session of interest and instructive to you, but there will be entertainment sufficient to please the most exacting. The Committee is arranging side trips, sight-seeing tours, theatre parties, dances and vaudeville shows, to say nothing of the banquet to be held in the Grand Ball Room of the Pennsylvania Hotel, where prominent speakers and talent known from coast to coast will be on hand to entertain you. This Annual Banquet is always the crowning feature of every National Convention.

A committee of ladies has been appointed to look after the shopping tours, sight-seeing and entertainment for the lady guests during business sessions, and we can promise the wives, daughters and sweethearts who attend, a royal good time.

Letters will be mailed shortly to every Industrial Lender in the country enclosing a card giving hotel rates and detailed information about reduced railroad fares one and one-half fare for round trip. When you receive the card fill it out at once and mail it to the Pennsylvania Hotel for room reservation, as the Convention is now only about two months off and New York will be crowded to its fullest capacity at that time.

If you are unable to take more than one vacation this summer save it for the convention. Owners should bring their managers and as many of their co-workers as they can spare.

Come and bring your wives, daughters, sweethearts! You will not regret it! It will prove an investment well made and not an expense.

Remember the place and date
Hotel Pennsylvania, New York City,
September 20th, 21st, 22d and 23d.
Headquarters Convention Committee,
606 Flatiron Building,
New York City.

CONVENTION FINANCES.

705 Penn Square Building,
PHILADELPHIA, PA., JULY 3, 1922.

Sent to secretaries of following State Associations:—Georgia, Virginia, Maryland, New Jersey, New York, Connecticut and Massachusetts.

By this time you have had an opportunity to receive and undoubtedly have read over every word in the June issue of the LENDERS NEWS. What did you think of it? Wasn't it a splendid issue? Wasn't it full of meat? How else could all these good things pertaining to our business, both inside and out, with the added expressions and views of men in public life concerning your business. This of course could not be possible without the amalgamation of the State Associations into the National Body.

In reading over the breezy news did you note the front page article regarding the Eighth Annual Convention, and did you read the article on page two over my signature pertaining to the all important matter of finances which will make possible the success or failure of this gigantic undertaking of the Eighth National Convention? You and I know that there would be little incentive to leave home and business and assume the added expense of a trip to New York, probably at an inconvenient period unless it meant a profit to us. The New York Convention will make possible an opportunity for boundless profit; rich in fellowships, elevating in wisdom, and laudible in purpose and undertaking. This reflects but the business phase of the convention. There is another, the entertainment of the folks that too must be of the clean, wholesome sort that arouses enthusiasm and approval of these details which have been carefully planned and are being worked out by competent executives, chairman of their respective committees. All this planning and effort is predicated upon the Convention Committee's ability to amply finance it. The respective eastern State Associations acting as hosts to the western delegation have responded nobly in their contributions to making this convention *The Convention.* This is as it should be; otherwise, we would not evidence progress. Notwithstanding the State Association's contributions it is virtually necessary and desirable that individual lenders be given an opportunity to make personal contributions that are purely voluntary. It is my desire as chairman of the Finance Committee to bring to the attention of the members of your good association this privilege of sending a personal donation in this matter. Both individual and chain lenders of the Pennsylvania Association have responded by sending their checks drawn to my order in the amount of $25.00 per office. To those who feel they cannot afford to pay this amount let them send their check in such amount as they feel they can contribute to make possible the success of this convention. There is no obligation to pay $25.00 per office, although many, including even some of the smaller individual lenders believe the convention sufficiently worth while to justify this outlay.

Please convey to the members of your association one important fact, that not a single dollar for which this contribution is being asked will be frittered away. Every sincere effort is being made to make each expenditure mean much in the way of educational advancement of those in the business whether in attendance or not and for the comfort of the delegates and their families and friends. It will be appreciated if this appeal for funds will be liberally broadcasted and a generous response attend.

Eighth Annual National Convention, New York, Sept. 20 to 23

INDUSTRIAL LENDERS NEWS

Established 1916.

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS. 1921-1922

Chairman, W. G. Wood, 268 Westminster St., Providence, R. I.
Treasurer, C. H. Stratton, Sullivan, Indiana.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—T. C. O'Brien, 113 Church St., New Haven.
Ga.—A. B. Madison, 103 Central Bldg., Atlanta.
Ill.—L. C. Harbison, 81 E. Madison St., Chicago.
Ind.—W. R. Teel, 602 City Trust Bldg., Indianapolis.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—H. H. Larsen, 404 W. Baltimore St., Baltimore.
Mass.—W. E. Pool, 63 Court St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—J. W. Whitstone, Frost Bldg., Plainfield.
Ohio.—Col. R. V. Barto, Columbus.
Pa.—A. S. Ezekiel, 301 Denckla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States.—R. M. Rutherford, 175 Fifth Ave., New York.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Finance, W. P. Woll, 337 W. Madison St., Chicago.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, E. P. East, 175 Fifth Ave., New York.
Membership, J. H. Dyer, 404 Commerce Bldg., Columbus, Ohio.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—B. L. Lassiter, 215 Atlanta National Bank Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—A. L. Whitmer, Iowa Bldg., Sioux City.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—H. L. Keiss, 205 Wither Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

Checks should be drawn to my order in such amounts as each one of the donors feel the cause will justify and let me further add that we not only want this donation, but we want the presence of every member, employees and family present at the next convention in New York City whether donation is made or not.

Yours very truly,
CHAS. G. MUELLER,
Chairman, Finance Committee, American Association Convention.

THE WELCOME STRANGER COMMITTEE OF NEW YORK CITY.

334 Fifth Avenue,
July 8, 1922.

Secretary, American Industrial Lenders Association, HARRISBURG, Pa.

Dear Sir:

The Welcome Stranger Committee of New York City, composed of leading trade and civic groups, has been formed in order to foster the spirit of hospitality towards visitors to this city. It is the aim of this committee to make available to visitors all the facilities which New York offers.

The headquarters of the Welcome Stranger Committee are at 334 Fifth Avenue, in the offices of the Hotel Association of New York City. We are eager to coöperate with your association to the fullest extent and on your behalf offer our services to members of your association who may visit the city.

We trust that you will look to us for the fullest possible information at all times, concerning the trade facilities, hotel facilities, amusement, educational and other departments of New York life which will interest out-of-town guests. The Merchants Association Convention Bureau is working with this committee in preparation for conventions.

We should also value any suggestion from you as to how the Welcome Stranger Committee may be of the greatest service to your membership.

Very truly yours,
(Signed) L. M. BOOMER, *Chairman.*

SEMI-ANNUAL DUES.

On August 1st, semiannual dues in the National Body will be payable to the National Secretary, through the State Secretaries or direct in case where there are no State Secretaries. As the amount of detail at the National Secretary's office increases with the approaching National Convention in New York, it will be greatly appreciated if every member pays his dues promptly without further solicitation. Now is the time to write your check for your dues, if you wish to be among the members enrolled in good standing at the National Convention.

LOUISIANA.

We have observed with interest the campaign being waged by the Legal Reform Bureau of New York, assisted by many local Social Welfare organizations, for the enactment of the Uniform Small Loan Law at the present session of the Louisiana Legislature. Although the final outcome at the time this is written, is still in doubt, we commend most heartily the agencies and individuals who have been active in this fight to eliminate the high rate lenders in Louisiana.

In connection with the educational campaign, under the head of "Interest and Usury," W. O. Hart of the New Orleans Bar, had the following to say:

"The law of Louisiana is rather peculiar regarding interest and usury. Part of Article 2924 of the Revised Civil Code reads as follows:

"The owner or discounter of any note or bond, or other written evidence of debt for the payment of money, payable to order or bearer or by assigment, shall have the right to claim and recover the full amount of such note, bond or other written evidence of debt, and all interest not beyond eight per cent per annum interest that may accrue thereon, notwithstanding that the rate of interest or discount at which the same may be or may have been discounted has been beyond the rate of eight per cent per annum interest or discount."

Practically the same provision of law is contained in the Revised Statues of 1870, Section 1889.

Under this law, there is no limit to the rate of interest a borrower may be compelled to pay, provided the interest is made part of the note; in other words, for a note of One Hundred Dollars a borrower might not receive but fifty dollars and yet the holder of the note could collect the whole amount, provided the borrower received what the lender had agreed to give him.

"Under the general laws of Louisiana, the legal rate of interest is five per cent but up to eight per cent may be contracted for in writing, and anything over eight per cent is usurious and when paid may be recovered by the borrower within two years from the time of payment, but as long as the debt exists, usurious interest may be set up as an offset thereto; but the usury statute is overcome by the provision above quoted, and in order to keep within the letter of that provision of the law, the lender when he renews a note or other evidence of debt, usually does it in the form of a new note, including therein the amount of the so-called discount, which of course, is largely more than the legal rate. Many lenders exact as much as ten per cent a month and some probably at times, more.

"An effort was made to overcome this discount by Act 68 of 1908 approved June 24th, when the law prohibited an exaction of a higher rate than eight per cent "as discount or otherwise"; unfortunately, however, in the Act was copied the discount provision above mentioned, when it should have been omitted, and the result was that when the Supreme Court came to construe the law, which it did in the case of Rouxe vs. Witzman, 125th Lousiana Reports, page 300, January 17, 1910, the Court said:

"Act No. 68 of 1908 makes no change in the usury laws as to discounts and capitalized interest permitted by Article 2924, Revised Civil Code."

"The Small Loan Bill now before the Legislature should be adopted so as to regulate absolutely the rate of interest on loans under three hundred dollars. That Bill provides that no greater rate of interest shall be charged than eight per cent except by institutions specially authorized to do business by the Bank Examiner and to a great measure, under his control, which institutions shall be allowed to lend money at a rate not exceeding three and one-half per cent per month.

"Similar laws have been passed in eleven States and are pending in many others, and in time no doubt will be adopted by all. There is no way to overcome the evils of excessive interest charge, except by regulation and if this law is passed and properly enforced,

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all money-lenders as such, will disappear and those desiring small loans will have the protection of dealing with institutions authorized by the State and subject to State regulations.

"There can be no objections to the bill on the ground that it encourages usury, because usury has existed since the beginning of the world, and it is better to make legal such provisions as are contained in the Bill than allow lenders to charge whatever they please, because in emergencies a borrower will pay almost anything to get a few dollars to tide him over."

MARYLAND.

The Annual Meeting of the Maryland Industrial Lenders Association was held June 6, 1922 at 2:30 p. m. in the Board Room of the Merchants & Manufacturers Association.

Visitors and members present, George W. Kehr, Secretary of the American Industrial Lenders Association; A. S. Ezekiel, chairman of the Pennsylvania Association; R. M. Rutherford, secretary of the New York Association; William Young, A. L. Wick, V. D. Moss, H. T. Mattingly, F. B. Snyder, H. H. Larsen, E. S. Armstrong, W. J. Oliver, Jr., J. D. Goldrick, R. A. Long, R. L. Smith, J. J. Wood, E. E. Hougham, H. C. Moore, L. H. Pumphrey and R. L. Ryan.

Mr. Young introduced Mr. A. S. Ezekiel, Chairman of the Pennsylvania Association, who gave us a very interesting talk on what could be expected in the way of entertainment at the National Association Convention in New York City next September.

Report of Officers.

Report of Chairman Mattingly:

GENTLEMEN:

Having served two successive years as your chairman, I desire to retire. Naturally, my first thought is for the welfare and future progress of this, Our Association.

I respectfully ask, that our future officers have the undivided support of each and every member of this Association at all times; and beg this opportunity to say that those who are elected to serve, are good enough for the officers of our organization to function through.

Gentlemen; the word unity means absolutely nothing unless carried into actual effect.

The Small Loan Business of to-day has earned its right to exist, this right has been earned by fair, square, and open dealings, and by unity. The eyes of the business world are upon us, let us not fail.

It is needless that I speak of the activities of your officers during the past year. But believe I can safely say that due to splendid coöperation, progress has been made for which I appreciate and thank each and every one.

Our Seventh Annual Banquet will be held this evening at seven-thirty at the Emerson Hotel. A number of distinguished guests have been invited and will be present. Among them his Excellency Albert C. Richie, our Governor. An enjoyable evening is promised.

To my successor, I pledge loyalty at all times.

Respectfully submitted,
H. T. Mattingly.

Report of Secretary Larsen:

MR. CHAIRMAN, FELLOW MEMBERS AND VISITORS:

Owing to the very limited time alloted us the use of this room, I will make this report as brief as possible.

Since our annual meeting held on the 14th of June, 1921, we have lost two members, but have obtained two new members so our present membership stands at seventeen. All of which are also members of the A. I. L. Association with dues in both associations, paid up in full as of June 1, 1922.

During the year $482.33 has been collected in state dues, and turned over to our treasurer, and $849.50 in National dues collected and turned over to National Secretary, George W. Kehr.

Meetings were held in Nov., Jan., March, April and May and attended by an average of 9 to 12 members at each meeting. Several special meetings were also held by the Executive Committee.

Respectfully submitted,
H. H. LARSEN.

Report of Treasurer J. D. Goldrick; showed a balance of $165.85 on hand after all bills were paid.

The treasurer further reports that the dues of all members are paid to date.

The Executive Committee Chairman reports that no formal meetings were held at any time during the year.

By regular motion, all the above reports were accepted and ordered filed.

An informal discussion by members of the association relative to the Exchange Bureau took place, and an effort made to put into operation the original plan for an Exchange Bureau with a central office. No definite conclusion was reached in this connection.

Election of Officers.

By motion of Mr. Wick, the following members were nominated for membership in the Executive Committee, and elected unanimously; H. T. Mattingly, H. H. Larsen, F. B. Snyder, J. D. Goldrick, H. C. Moore, E. E. Houghman and C. R. Morris.

The Executive Committee immediately elected the following association officers; H. H. Larsen, chairman; F. B. Snyder, vice-chairman; H. C. Moore, secretary; J D. Goldrick, treasurer.

Chairman Larsen was escorted to his chair, and at once adjourned the meeting until 7:30 p m. when a banquet was held in the Exhibition room of the Emerson Hotel.

The members of the Maryland Industrial Lenders Association were highly honored with the distinguished guests at our Seventh Annual Banquet as follows: Albert C. Ritchie, Governor; A. S. Goldsborough, secretary Merchants & Manufacturers Association; Wm. I. Norris, president of the Senate; Howard Bryant, President Second Branch City Council; John J. Ghingher, Deputy Bank Commissioner; Wm. J. Barrett, Bank Department; A. S. Ezekiel, Chairman Pennsylvania Association; R. Evans, *The Baltimore News;* Forrest Gesswein, Member of House of Delegates, 4th Legislative District, 24th Ward; Randolph Barton, Jr., well-known Baltimore Attorney, and Chairman Committee of Legislation Merchants & Manufacturers Association; R. J. Beacham, well known Baltimore Attorney, and Legislative Agent, M. & M. Association; R. W. Alexander, Vice-president; The Equitable Trust Company; E. Asbury Davis, President Merchants & Manufacturers Association; E. Paul Mason, Baltimore Attorney; Wm. J. Delcher, Cashier National Bank of Baltimore; R. Rossiter Revers, Assistant Cashier National Bank of Baltimore; T. F. Fox, of the M. & M. Association, and well-known Baltimore Attorney; Jos. A. Goldstein, of the Twentieth Century Printing Company; G. W. Worsham, Jr., of the Merchants and Manufacturers Association; Julius Levy, of M. S. Levy and Sons; A. J. Lilly, Chairman of the Workman's Compensation Committee, M. & M. Association; A. E. Duncan, Chairman of the Board, Commercial Credit Company; W. J. Donnelly, of Maury & Donnelly-Williams Co., Insurance Brokers; H. M. Lucies, Secretary The Automobile Club of Maryland.

REPORT OF PROCEEDINGS.

AT THE ANNUAL BANQUET OF THE MARYLAND INDUSTRIAL LENDERS ASSOCIATION, HELD AT THE EMERSON HOTEL, JUNE 6, 1922.

Mr. Howard Bryant: Gentlemen, I have been requested by the management to introduce to you to-night a man who has been absent in the flesh but always present in the spirit, your old friend and fellow member, Dr. Mueller, who will act as toastmaster for the evening. (Applause.)

The Toastmaster: (Dr. Mueller) Fellow members of the Maryland Industrial Lenders Association, Guests and Friends: It is a distinct pleasure to come here and welcome you to this festive board. It is also a fitting occasion to celebrate the history of your successful organization and its past achievements, to review past experiences, and to create resolutions of new idealistic effort.

I am wondering if you are really cognizant of the history you are making in the conduct of your business. Are you aware of the new remoulding of public opinion? Are you appreciative of the new standard of ethics that your present method of conducting business is setting up? It is one of the most surprising things I could announce when I tell you that for the first time in the history of the small loan business that the economical and sociological phases of the business are being included in the educational subject of the curriculum of some of the leading temples of learning in this country. What has happened has been of your choosing, of your own effort. It will be encouraging to those who are outside of the business.

In their effort to make a coöperative plan in promoting this new area of good-will, in promoting the success and continuance of this business to know that the moulding of favorable public opinion is in your hands. It is one of the pleasures of our business to learn that what has happened has been done not alone through your organized efforts but as someone has very aptly said, What we owe the other fellow. May God speed your combined efforts through your organization to higher and nobler standards, and I congratulate you. (Applause.)

In presenting to you the first speaker of the evening, I am going to be careful

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not to mention anything about oratory. There are no orators. Demosthenes is dead; Cæser has too long passed into the unseen temple; and I—I am very ill. (Laughter.) The speaker who will address you now needs no introduction. He has already made an intimate acquaintanceship with you through an official capacity in a previous assignment. What he has done speaks for itself. How ably he has executed the public trust in his service to the people is best evidenced by the fact that he is now honored with the highest gift within the giving of this appreciative people within your commonwealth. This man to whom I refer you will now have the opportunity of hearing; you will have the opportunity of hearing the rich message that will fall from the lips of that fine, clean, able son of old Maryland, a gentleman and scholar, a clear thinker and a man of high purpose and clean lineage. I have the pleasure and the honor of introducing to you at this time Honorable Albert C. Ritchie, Governor of Maryland. (Loud Applause.)

Governor Ritchie: Mr. Toastmaster and gentlemen: I am not here to-night for the purpose of making any speech, but only for the purpose of saying one or two words of greeting. The real reason which prompted me to come was this fact: It is quite possible that there may be many people in the city of Baltimore or in the state of Maryland, who when they hear that this association of small money lenders, if I may use the popular phrase, is holding a banquet to-night, may not appreciate its real significance.

When you hear a meeting of the presidents of the great banks of Maryland, that meeting is heralded all over the state, and yet the reason why I wanted to be here was to testify to my appreciation and knowledge of the fact, that all the great banks in Maryland put together have not done a bit more, if they have done as much, for the poor and needy and unfortunate people of the community as you gentlemen who are around this board to-night have done. (Applause.)

The fellow who goes to deal with one of the large banks can generally take care of himself, and if he does not take care of himself or does not do so, it does not necessarily make much difference. He is there to put a deal through. Or he is there to make a fortune. Or he is there to put over some constructive consolidation. It all tends to make the country industrially and economically better and better in a business way and more prosperous and successful, makes the country a better place to live in, but it is not half as important that the man who is able to make a large loan at the rich bank should have a square deal assured to him as it is important that the poor man who wants some money for his ill children or sick wife or who has to go out and buy food or sustain him with or do something toward lifting the mortgage off of his property, that is not half as important that the rich fellow should get a square deal from the bank as it is that the poor fellow should get a square deal from the small broker who lends him the small amount of money that he needs.

I remember the first case that I had when I came to the Bar. I expect this has been the experience of a good many other young fellows. It was the case of a young woman who had fallen into the hands of a loan shark. The money that she borrowed was not much, a couple of hundred dollars, and yet it was necessary for her to have. She was being charged I do not know how much percentage, a considerable amount, a hundred per cent, as I recall it. The only significant thing in referring to that is that when you take a case of that kind in court we had to raise the money, the legitimate money with which to pay off the loan shark, and it was a problem to know where to get it. That was a good many years ago, about 1900, but it was a problem to know what company to go to, what lender to go to, what broker to go to who would not treat the woman as unfairly when the loan was made to her to pay for the loan shark as the loan shark himself had been. Now we do not have any more trouble of that kind, and the reason that we don't have any more trouble of that kind I think is that a band of honest men, a band of clean men, a band of men who recognize the importance of this loan business, assembled themselves together, as you have done in order to see that the business was put on a basis where it ought to be in order that the laws which will protect all interests in it are passed and are on the statute books.

I think that you are to be congratulated on the work which you have done. You are to be congratulated because now it cannot be said that anyone who needs a small loan of fifty or a hundred dollars, or anywhere up to $300, it cannot be said that they need run any risk of falling into the hands of people who will rob them. They have honest brokers to deal with, they have honest lenders to borrow from. That situation as it exists to-day is due I think to the splendid services which you gentlemen have rendered and to your recognition of the vast importance of that field in the money lending business. (Applause.) It is simply in order that you may know that I am not unmindful of the importance of that field, but in order that you may know that I recognize the fine work which you gentlemen have done and the splendid elevation which you have given to this important phase of the financial work of the state, important to so many poor unfortunate and needy people, that I testify my appreciation and gratitude and tell you that I am glad to have the privilege of being with you here to-night. (Applause.)

The Toastmaster: I knew the Governor would bring you a message that you would not forget, because he is the only man to my knowledge who has ever supervised the Industrial Lenders in this country who has succeeded to the governorship of any state in this country. He brings you a message and I desire that each one of you display an earnestness in maintaining your high standard of clean ethics.

The Governor very ably touched on the human phase of the money-lending business. There can be nothing more touching than to alleviate the needs of our country's citizenship, that citizenship which is the backbone of the industrial branch of our country, which means its success, and when you hear of the service that the lenders are rendering, when I tell you that many fine minds have assigned themselves to the hazardous task of research and survey, and that they have been able to illuminate the dark places, it has been like bringing a lighted torch into a darkened place, you can understand that these new truths are going to put your business out where the world can see and appreciate it. But that task, as I said, before, lies in your furtherance of the ideals of your business. The Governor very graciously touched on what it means to the big business man who is surrounded with his friends, with his training as a business man, with his opportunity of knowledge, when he wants to get advice he can go to a bank, he has the confidence that is engendered by dealing with any particular banker or a group and he is assured of having an opportunity of tradng with the bank. But need cannot bargain with greed or cupidity. That is too much. And he touched upon a subject that was like this:

The money lender has learned to render a real valuable service. It is unlike the man who died and left his entire belongings, his entire possessions, to a small orphanage, and when the trustees of that orphanage heard it they looked at their impoverished treasury and they were indeed happy, and on the day when this dowry came to his impoverished orphanage they found he had presented it with twelve more orphans. (Laughter.)

In presenting to you the next speaker, I have the privilege and the honor of telling you about one who is interested in commercialism. Ever since the day of primitive barter where commercialism was born, commericialism has been responsible for the success and development of our country. You know that during the World War America has made its vast contrbution and has hung up a new record for production through its industrial work. This man of whom I speak to you understands business, understands business affairs and business organizations. And there is another side to his nature. His versatility is so multitudinous that I do not mean to touch on some of them. One of them is that he is a raconteur, a wit, and also he is a farmer, does intensive farming and extensive farming. He has had the privilege and honor of being classed, on account of his activities in trading in motorcars and the like, as being the David Harum of the Iron Vehicle. And it gives me great pleasure to introduce to you the boy wonder of the Eastern Shore, Mr. A. S. Goldsborough, Secretary of the Merchant and Manufacturers Association. (Applause.)

Mr. Goldsborough: Mr. Toastmaster and Gentlemen: All I can say about the versatility is that our old friend who wrote so many tales of the Deep in comparison with your descriptive power is as a piker. (Applause.)

I have been charged with many things, ordinarily to most crimes I have pled guilty, but upon my soul, some of the things charged against me to-night have been sprung so suddenly that I have hardly had a chance to frame any character of defense.

Moreover, I have been just a little bit disconcerted since I have been at the table, I have endeavored to gather my thoughts together for a word or two, but there have been two groups of conversationalists, one on each side of me, and I have overheard just little snatches of conversation and it has gotten my mind entirely off of what I hoped might be the subject of my address this evening.

I heard Mr. Bryant say a moment ago, using language that perhaps is unknown to most of you, "He raised me and he raised me and he raised me until he pushed me out." (Laughter.)

I was very much disturbed and I asked him if he talked about a poker game, and he said, no, he was talking about his apartment landlord. (Renewed laughter.)

That is not quite so discouraging though to me personally as my usually amiable friend Senator Norris. I have known Senator Norris for a long while and I have known him well enough to know that he will say nice things about people during campaign periods even if he has to lie about it (laughter). I suppose it is a bit refreshing to him however, to feel that now and then he can really tell the truth to a man face to face without feeling that he is going to commit an offense. He was talking about this matter of speechmaking tonight. He and I were both commiserating with each other because we had been put on the program to "sing for our suppers" instead of getting a free meal, and the Senator said, "Well, Goldsborough, it is easy for you, you can get up and say nice things and pleasing things and all that kind of thing, but the difference between you and me is that I cannot speak unless I really have something to say." (Laughter.) So with poker on one side and condemnation from the Honorable Sentor on the other and the knowledge that I am to talk without saying anything, you can see that I am just a bit handicapped. Moreover, I did want to pose as an orator. I did think that maybe I might, with the name of Aristides, get into the Demosthenes class, but inasmuch as the Toastmaster has absorbed unto himself all of the reputation for oratory I hardly have a leg to stand on.

So we will just talk together my friends, as an average man to an average man about some things that we all may be interested in. You fellows, because you have the money, and we fellows, Senator Norris and myself, because we want it. (Laughter.)

Would it be altogether out of place if I were to ask a direct question as to how many of us have ever bothered ourselves for a minute about analyzing the construction of a monument? We all stand at the foot of a monument, if it is particularly beautiful, and we note is embellishments, we notice its symbolism, what it is supposed to signify, and if there is the slightest touch of the artistic about us we will admire that which we see as beautiful. And yet I will warrant that not many of us ask ourselves anythng about the relation between the monument as we find it constructed and some of the principles involved in the course of that construction. If we see a low shaft that goes but a few feet in the air it contains in itself nothing particularly remarkable about its engineering genius. But if, on the other hand, we find a monument whose shaft lifts high into the atmosphere, hundreds of feet, above the average man's height, almost challenging the laws of gravitation, then we begin to say to ourselves there must be some of the principles of mechanics involved in order to make that monument stand firmly. Now, my friends, you and I know enough about the average piece of masonry to know that the higher a shaft goes into the atmosphere the deeper and more solid and more dependable must be the foundation upon which that shaft rests. Otherwise the slightest bit of quivering on the part of Mother Earth will cause the foundation to crack and the shaft, under the crackage of the foundation and the possible interference with the laws of gravity, will be percipitated to the ground. Now, you know there is no difference between the ordinary laws of physics, the laws with which you and I are related in our connection with human beings. You men are engaged in business, you men are engaged in a particularly specified type of business. You men are engaged in a business which has in the past had hovering over it more of the shadows than you were proud of. Now as a result of that, knowing that an honorable business in order to become honorable has got to lift itself above the lower shadows and clouds in which it has existed, it becomes incumbent upon the builders, or those who would undertake a task of that kind to understand in the beginning that if they intend to build, they must rest their structure upon a foundation so definitely dependable it matters not what vicissitudes the future may present, the shaft in its rising elevation can be relied upon to maintain its position.

Now you know and I know that in the great complex machinery which we call busines life, that there are different kinds of demands, big and small, from the affluent and from those in some distress. Men dealing in big undertakings and men who have the dreams in their minds that sometime they may become magnates in the field of finance, but who need one little particular beginning point as represented sometimes in a very small loan. You and I could run through the personal history of hundreds of the leading men in the industrial field or in the mercantile field, men who started perhaps with some little corner business, or started with some little beginning of industrial activity coming out of the natural mechanical genius that they have possessed, and those men have found the real beginning in some little loan which they were able to accomplish by some means that laid the basis out of which ultimately they evolved their great triumph. In business, my friends there are cases where the small lender is just as essential, as the Governor has said, as is the big lender. You have in this room men of large business activity. Pardon the personal allusion, but within a very few feet of where I am standing, and seated about the circular table are a number of men big in business here in Baltimore, men representing millions in banking, men representing millions in manufacturing, men representing millions in all of the other various lines that are of some consequence, and they are here with you to find out whether or not you men are in dead earnest when you make the statement that you are laying the basis of a business ethics out of which the small lenders will emerge, of a kind and of a character such that there will not be a single man in connection with the business who cannot look square in the eye of the most penetrating gaze of any man in the city, knowing that in all of their dealings, in all of their financial relationships, they have been above reproach. The longer we live, the more we come to the conclusion that there is no business of any kind or character that is going to survive that does not rest upon a basis of decent, high-toned ethics. (Applause.)

I do not care whether it is manufacturing, I do not care whether it is banking, I do not care whether it is industrialism, I do not care what is the nature of the vocation or activity, if underneath it there is not some basis of sound ethics, it is utterly impossible for that business in the long run to stand squarely and firmly and independently in the circle in which it is going to operate.

Now I concur in what the Governor has said that there is an opportunity here for people who patronize the small lenders, an opportunity to the people of Baltimore City of infinite value. As a matter of fact the small lender fits into the business of the big lender. It is not merely, as I said a moment ago, the man or the woman who comes to your banking house under the feverish demand of necessity—and God knows that is important enough—but there are plenty of people who come to you for financing for definite purposes of business, not merely to buy bread, not merely to pay another debt, not merely for the purpose of staving off a legal execution, not merely for children crying for bread, and under the stings of a condition of that kind they are wild to find the money that is going to relieve the conditions, but they are men, as I said a moment ago, who have within themselves the natural fire of ambition, who may not have a half a dozen dollars that they can clink together and call the capital with which they want to begin business, and yet if they have the character, if they have the honesty, if they have the diligence, if they have the industry, if they have the resourcefulness, if they have the manhood out of which a successful business can be brought, isn't it right that we should have the mechanism in our midst to which a man of this kind can go and, with what he may be able to gather together, as needed collateral, lay down his proposition, get a small loan on a fair and square and honorable and manly basis and use that as the nucleus of something that may be ultimately enable him to make his thousands and then go to banking houses like that represented by Mr. Alexander or represented by Mr. Duncan and gather in their larger loans needed for bigger expansions and bigger enterprises and bigger undertakings. Now you men can establsh ourselves on exactly the same basis as the financial institutions of other kinds provided that you have within yourselves sincere and definite determination to fix a fine spirit of ethics and then have the leadership to enforce it. Now please understand that neither Baltimore nor any other community is going to believe in ethcial principles that are merely professed. The profession of high tone, does not give high tone. One moment of definite high tone practice is worth six months of high tone profession, and the matter of the practice of the real ethical principle is within yourselves, and you should find out the personnel of the men who are the actual leaders instead of the circle of the small lenders and discover whether the moral tone is in them, not only to lead but to compel all to follow. You hear people say that when they want to accomplish something good, they are perfectly willing to stand at the hill and push the ideal up. My friends, that is a reversal of the proposition, that is taking a chance on the idea, and if you can push it forward, you will follow it. The position for you men to take is to put yourselves in front of your ideal and pull it up behind you. Be one step ahead of that which you want and not one step behind that which you want. And when they find in your personnel that there is a perfect reliability so that they can talk business with you in exactly the same way that they would talk business with the finest spirit of financing in the city of Baltimore, then the small lenders work, or the small lenders status in this community will be so utterly unchallengable that the moment you mention it, the man or the woman who wants a dollar will not have to ask in a spirit of anxiety, where can I go without being fleeced, where can I go without having my flesh torn from my bones, figuratively speaking. They will know that when they look in the list of those associated with this organization, comprising men who have professed that which brought them into the circle of honest dealers to lift the business beyond possibility of reproach, they look down that list and they can say to themselves and their companions, We can go there and do business without having to apologize to our neighbors because we were seen in an institution of that kind. That is what you want. A man or woman can enter your doors without having to veil the face, or having to come out with all kinds of explanations, saying that they do not usually borrow money that way, but this just happened to be some kind of an exceptional exigency and because of that they took the chance. That is not the kind of business you men want. You want to demand the very best in the community. The people of the community want a small loan place where they can enter exactly as they would enter any bank in Baltimore City, with head up and shoulders back and lips squared, with a consciousness, that they are dealing with men and not dealing with things that I dare not put into English. My friends, as I said a moment ago, the whole thing is a matter of masterful leadership. In all movements of this kind inevitably somebody has got to set the pace and take the lead. What you want in the matter of your leader is not merely the man who has the genius for making money, not merely the man who stands at the head of that institution which is paying the largest dividends in your circle, but you want to find the man whose moral fibre is sound, absolutely sound, out in the center light or under cover of darkness where nothing can penetrate. You must have men of that kind and let them take the leadership, men who have the masterful spirit, masterful qualities, the man who will not only say to you, Let us do this, but the man who will say to you, You must do this because it is right and doing anything else is wrong. When you do that I can hear these men over here in the field of big business say to you, Here, gentlemen, you belong in the circle of bankers, maybe not in the circle of those lending millions for big operations, but bankers who stand out in their endeavor to take care of those who are needy, and those who are to-day looking after the relief of the needy may tomorrow be the prosperous men of the community. You all know that the needy man once helped often emerges into the atmosphere of the prosperous, and when he does, he never forgets the hand that lifted him up. A man or a woman of that kind dealing with institutions which have treated either him or her in the most perfect kind of open hearted, open handed, open conscience way in their business operations, will always be your foremost champion in connection with what may be circulated abroad about you and your business. I thank you. (Applause.)

The Toastmaster: Mr. Goldsborough very aptly presented to you the aspect as it appears to a man of business, a man of affairs. He reflects an intimacy with you and your business that is absolutely amazing to me and elicits my profoundest admiration. What he has said should give you the greatest encouragement to stick by the high standards that you have set for yourselves. It shows clearly that it takes time and persistency to wear away that prejudice of centuries. But it can be done. And that in due course by persistent application to that right thinking standard you are about to come out in the spotlight clean, respected and admired for your courage.

And Mr. Goldsborough also raised a thought in my mind, and it is this: He showed very clearly that the service of the industrial lenders is reaching to the merchant who appreciates the value and necessity of that service in any given community, because it makes possible for these folks in temporary financial embarrassement to come and have that relief that is necessary for them to go out to their merchant and secure their bills and keep self respect by retaining their credit standing. It also shows clearly to the employer that more and more these men who have difficulties at home, and many times have positions of responsibility, and enables them to come and make a small temporary loan to relieve that stress, where, if that opportunity were not accorded them heaven only knows whether or not he might be tempted to help himself to his employer's property. Then again there comes the understanding with the banker, the banker knows he cannot have time, and the economics involved would prohibit his being able to make many small transactions that are required by the small lender. The economics involved in that are self-evident when so many of the bankers say, We cannot even handle accounts of those who give us their money and attend to their bookkeeping unless we make a charge. It may be nominal, but it must be sufficient to cover that small care that is necessary for that transaction. And as the lender fills that niche between nowhere and where the bank starts, you can see that there is a broadcast understanding between all business men.

In looking down the list of speakers, after it was emphasized and called to my attention, by Mr. Goldsborough, I see a galaxy of gentlemen who are spellbinders and who would enthuse any ambitious campaign manager (Laughter).

The next speaker is a gentleman who has had a great deal to do in making possible the very functioning of your daily business life. He has devoted a great deal of effort and energy as patron of the very bill under which you are operating, and which has placed the jurisdiction of the supervision under the banking department. He has worthy ambitions, and if you have read the papers recently, in fact so recently that the ink is not dry on the issues, you will find that the appreciative people of this district in which he lives are going to send him into the Senate under the shadows of the Capital. (Applause.) Make you no mistake about that. And those of you who are in a postion to make that possible, it is your bounden duty not to lose that opportunity. If you are not in the district, you can attest the worthiness of this able representative of the common people. I have the privilege of introducing to you at this time, Senator William I. Norris, President of the State Senate. (Applause.)

Mr. Norris: Mr. Toastmaster, fellow guests and gentlemen of the Association: You now know that my friend Goldsborough here is all that the Toastmaster said about him and a great deal more. I read the program here to-night and naturally I saw my name placed there as about to speak. I would not put it like my friend Goldsborough here, that after having a good dinner, which I certainly have had, that we had to "sing for it" but it just struck me after I saw my name, that it looked to me like one of those five cent sandwiches, a whole lot on each end and very little in the middle—meaning myself (laughter).

Mr. Goldsborough: Oh! (Renewed laughter.)

Mr. Norris: I shall have to be very careful what I say here this evening, because, as has been said by the toastmaster, I am a candidate for public office, and unfortunately the kind of office that I am candidate for I am told comes high. It comes very very high. So, Gentlemen, it may be that in my dire stress and extremity that I might have to call upon you gentlemen. (Laughter). If so, I pray you, treat me gently.

I am somewhat worried over the fact that I believe your limit is $300. I am pleased, however, at the number who are here (laughter) because I might do some things that you gentlemen have been familiar with in your business, that is repeat. There is only one thing that stops me from that line of procedure, and that is, cautious gentlemen as you are, you might ask me where the collateral is. If you had been invited here ten or fifteen years ago, you would have expected to see a lot of fellows with horns on their heads, most outrageous looking fellows. Well, you have played Maryland My Maryland, and all the patriotic airs, and Way Down South in Dixie, and really, you look to me like as fine a looking bunch of American citizens as I have seen most anywhere.

But I am not going to give you very much flattery and tell you a lot of nice things like some of the gentlemen who have preceded me, because I am always reminded of Cy Cummings' story when he went down in Southern Maryland and got off his big speech in his oratorical way, and some old negro down at the bottom of the audience, said to another, "Who is that gentleman up there talking?" And the other negro replied, "I don't know, but he certainly is recommending himself most highly." (Applause.) So, gentlemen, I don't propose to say very many flatteringly and nice things to you to-night.

I do not see many worried countenances here to-night, I suspect that there are not many notes on the desk for tomorrow that are due, notes that you are afraid will not be met. You have heard the story about Ike and Jake, how Ikey walked the floor and he said to Rachael, "I can't sleep, that note is due tomorrow, I have got to tell Jake that I can't meet it." So he goes over and tells Jake about it, raps at Jake's door, and he says, "Jake, my note is due tomorrow, and, Jake, I can't meet it and I can't go to sleep, and I came to tell you that I cannot meet that note." And his friend Jake said to him, "Ike, you darn fool, now I can't go to sleep." (Laughter.)

So I do not see very many worried countenances here, but, gentlemen, seriously speaking for just a moment all of the thoughts that come before my mental vision and all of the pictures that I thought would be appropriate for this occasion have been taken away from me by the gentlemen who have preceded me. But I remember years ago, and I happened to be attorney then for some loan companies, and as a young lawyer I received retainers from those companies, and I want to say to you gentlemen that after a year of that kind of service it was practically the only practice that I had, and I was compelled to resign my attorneyship for these companies. And why? Because I did not feel I could serve any longer in the character of attorney for those companies in view of the practices that they were following.

Just for a minute, gentlemen, let me contrast the conditions that existed in your line of business in this city about fifteen or twenty years ago with the conditions that exist here to-day. Double mortgages! Yes, I know one company had two mortgages made out for the same loan, one to show and the other one to put into the safe. I know of assignments of wages, and when the employees appeared at the United Railways or the B. & O. offices in the evening on payday, they would find that nearly everything had been taken that was takeable. I know sometimes that they were met with what you call beats who tried to beat them, but gentlemen, the conditions in those days were terrible, and sooner or later the law had to step in, and sooner or later the law did step in and stopped it. Now you are allowed special privileges by the law, you are allowed to charge more than six per cent interest, and you are permitted to do that because of the precariousness of your collateral, most of it being in use while you hold it, and because of the very hazardous feature of your business. But it is unnecessary for me to say to you that the law will only continue to permit you to charge 3½ per cent per month interest so long as you gentlemen live up to the high standards and the high principles that the law has set and that your Association and you men have set. (Applause.) It is unnecessary for me to tell you that. I am reminded that not all of you do a business which is made up of the business which comes from people in great distress. I am attorney for a good many building associations and I find that men and women who come to us for loans of one and two and three hundred dollars that the expenses attached thereto are too great. By the time the title is searched and the application made, the president's fees paid and the committee fees, for looking into the property, the papers put on record, the notary public and the attorney paid, it is too much money for a loan of $300 and time and time again we have turned them down, and there is always an opportunity on occasions of that kind where you gentlemen can rise to the occasion: I have known people who have been temporarily out of work, installment houses were about to come down and take away their installment furniture, and they went to the small money lender to borrow the money in time to tide them over. Now, gentlemen, you have a clear place in this community. As you know, there is nothing to be ashamed of in your business. The only thing you have to remember is that in the business where only private capital is invested, and where you do not get your deposits from the public that where private money is invested, there is at times a temptation to override the law, or take advantage of the people. But those men have no place in your association, and I for one want to testify to the fact, that I do not believe there exists in the city of Baltimore to-day, hardly one, certainly not to my knowledge any, who are taking advantage of people's distress.

Now, gentlemen, you have a real place here in the community. You are welcome in this community, the people need you. You are performing a public service. You are making a fair return on your money and you are giving value received to the people who come to you to borrow. I think that the state of Maryland is to be congratulated because of your existence in the community, and now, gentlemen, if you will let me quote to you just a little line from the poet that occurred to me while I was sitting here, I do not want to class you as angels with wings sprouting, but these words seem to be very appropriate, and with them I will close:

"Never to the chambers where the mighty rest,
Since their foundations, came a nobler guest,
And never was to the bowers of blest conveyed
A fairer spirit or more welcome shade."
(Applause.)

The Toastmaster: Senator Norris brings us a corroborative message, and it is from the sublime to the ridiculous, but if you can draw sufficiently strong on your imagination for a moment, you can picture a loan man with a halo. But, my friends, it has got to come because there can be no period of probation, it is now or never, if you do not make it now it will be never.

Senator Norris reminded me of the fair lady who sat in a field of daises surrounded by their humble blooms and plucked one of them off and started in a characteristic fashion, but it was not, "He loves me, he loves me not," no, because just a few summers before she had married a minister, and that was not her trouble because she was all provided with a husband, but she sat there and she conjectured and the first was that she was quite satisfied with her lot, she saw some of her girl friends who had married other men, men of professions, and she said, "Now, if I had married a doctor I could have had medical attention for nothing; if I had married a lawyer I could have had legal advice for nothing, but now, as I married a minister, I get good for nothing." (Laughter.)

No occasion, gathering, or assemblage of this kind where money lenders abound would be complete without bringing to your attention one who has given untiringly of his life's energy, who came and gave his personal endorsement and assurance and influence in the hours when this business looked the darkest, and so I give you this opportunity of hearing one whose fellowship and friendship is one of the dearest gifts within the power of man to give,—I present to you Honorable Howard Bryant. (Loud applause.)

Mr. Bryant: Mr. Chairman, Governor Ritchie and Guests: I can truthfully say that I am very proud to be here to-night, and you men who are members of this association will readily understand what I mean. Your governor and our invited guests may not understand what I mean when I say that. Therefore just a word of explanation.

Twenty-five years ago I was employed by the money lenders in the City of Baltimore. All that had been said about them then is true. And much more could be said that would also be true, but it remains better unsaid.

There was a man then in that business who had been in the business not only in Maryland, but in a great many states in the Union, who saw that the time was coming when if they did not take charge of the affairs and put them upon a different basis from that upon which they were being run, that the legislatures of the various states would interfere. And they did it from a source of self-protection, as well as from a sense of duty in regard to the business itself. They realized and they knew that the business that they were carrying on was absolutely necessary, that that field was a field which was necessary, and that as long as men lived the business would still be there. And therefore they had the vision for self-protection and with an idea back in their heads that they would like to get it upon a basis whereby the business would stand alone and would be respectable.

Gentlemen, that was a quarter of a century ago. Four or five men in Maryland, imbued with that idea, took me into their confidence, and I want to say to you that it was one hell of a task to get the thing going. But don't be alarmed about it. While one man was in favor of it you found twenty in the business who were opposed to it. But those men persevered; those men formed an idea, they formed an idea and they stuck by that ideal, and I am not going to tell you, as I might tell you in detail, gentlemen how that ideal grew, how they saw and how they reasoned and how they stuck and with a mere handful of men in Maryland whom you could count upon the fingers of my hand, imbued with this idea and imbued with this purpose started toward the goal at which we have arrived to-night. And fifteen or twenty-five years ago if you had told us that in this hotel we would get together, a body of men such as are here to-night, honored by the governor of our state, honored by the bankers and brokers in this city, it would have been a dream. But it has been realized to-night. You have heard from our Governor. He has told you why he came here to-night, and, gentlemen, that is a realization of the ideals of these men who are behind this association, the men who are behind the ideal, behind the ideal of the man who sits here at the other end of the table from another state who is connected with an association that is not only composed of the members of Maryland, but members from the various states of the Union in which this business is being conducted. About ten or twelve years ago they organized a National Association, and as soon as that National Association was organized, some, and I might say all of these men that I named and that I could point out, men that I could enumerate on the fingers of my hand, men who were interested in the formation of the National Association, and, I want to say to you that we have a National Association which is composed of members of the various State Associations of this Union, that if you were to attend one of their conventions, although you may be bankers, I want to say to that you would come away from that meeting imbued with the idea that there was an ideal and there was a purpose based upon integrity, based upon fair dealing that this National Association stands for. (Applause.) And this Maryland Association is imbued with the same idea. And I say that I am proud to be here to-night because our ideals have been realized. But, gentlemen, they will fall by the wayside and let you gentlemen who are members of the Maryland Association, members of the National Association, continue in the same direction that you have been going for the last ten or fifteen years.

Now, gentlemen, you can do it. You can do it by just going on. This banquet to-night ought to be an impetus to the members of the Maryland Association such as you have never had before. It is an encouragement when you have the governor with you, when you have representatives of the business interests of this town here with you. Gentlemen, your ideals have been realized. Now let us not fall behind; let us keep on going. You have an association here that comprises almost all of the money lenders belonging to your class in the City of Baltimore. Do not stop until you get every industrial lender who takes out a license in Maryland as a member of your Maryland Association, and thereby becomes a member of your National Body.

Gentlemen, this ought to bring in every one of those non-members, and if they do not come in, I will go so far as to say that you ought to run them out of the loan business in the City of Baltimore.

Now, hold on a minute. A body of men associated together for one purpose is all right, but you have a body of men belonging to your Maryland Association that ought to be able to take an interest in other affairs besides your own.

Your own business is your personal matter, but I personally know you have got men in this association in Baltimore who ought to take, through your association, a lead in other matters besides the loan business. You have not only to live for yourselves but you may live for somebody else, and by helping yourselves you may help somebody else and thereby be a benefit in a way other than the mere lending of money.

This association now as constituted in Maryland has a body of men around it which can form the nucleus of an organization with a broader field, with a broader purpose, and I stand here to-night to ask you gentlemen—and I am talking to you who are members of the Maryland Association—to take an interest in the affairs of your city and in the affairs of our state, because, gentlemen, you cannot go simply by yourselves, because if you do you are selfish, and while your purpose is all right along the lines that you are organized for, yet, in the name of the State and in the name of the city I want you to take an interest in the affairs of your city. I call a spade a spade and always have and always will. I advised some of you men to join the Merchants and Manufacturers Association. You made application, and I want to say to you here in this presence, that for a time, owing to the character of the business that you were supposed to represent, it was a question of whether or not this Merchants and Manufacturers Association would allow you to become a part and parcel of it. But when they found out the ideals for which you stood, they welcomed you to that association, and I want this association, those men who have joined it, to become a part and parcel of the workings of the Merchants and Manufacturers Association. I want you to comingle your business with their business, and I want you to take an interest in their affairs, and I want this association to take an interest in the affairs of the City of Baltimore and the State of Maryland. You now have an opportunity. Your ideals are all right, and if your practices correspond to your ideals then the business community will gather around you as you are gathering around the business interests of the community in the City of Baltimore to-night. And I do not want you simply to stop in the operations of your Association with the simple ideals that relate to the lending of money, but I want you to take an interest in the business affairs of the city, then I want you to take an interest in the political affairs of the state and the nation. You have an opportunity, gentlemen, with the men who belong to this association, to make yourselves felt in this community, first by comingling and taking an interest in the business in the city through the Merchants and Manufacturers Association and in that way your interest and their interest will be comingled and you will stand as a solid body. I want you also to take an interest in the civic affairs of your state, and in the civic affairs of your city. You men come in communication with a class of people who cast a vote, who are responsible, or will be responsible for the kind of political government that you have in your city and your state. The bankers have their clientele, they take interest in the civic and political affairs of the city and the state. There is no reason why you should not do the same thing, because you reach a class of people whose vote counts just as much as the vote of those men from the large interests throughout the state. Their ballot will determine the character of men who represent you in your city and in your state just as much as the bankers or the large brokers may control their clients. Your clients' ballot will count just as much as theirs. There you have a field that will help the kind of legislation that is beneficial to the state. They can determine the character of men who shall represent you in the city council and represent you through the mayor of the city of Baltimore, through the governor of the state and the United States Senator coming from this state. You there have a field not only to help yourselves, and to help the business interest of the community, but you have an opportunity to help your state and to help your city.

I don't want you to take an interest in party politics. Those of you who are democrats may be democrats if you want to. Those of you who are republicans may be republicans if you want to. But there comes a time, in my humble judgment, and I am older than most of you are, there comes a time when the political affairs of the state, there comes a time in the political affairs of the city, when the interest of good and honest government the people ought to rise above party ties and party affiliations for the good of the state. When you have a good governor of your state who is ready and willing to stay there, and his record is such as to qualify him and to make the people of the state have confidence in him, in God's name, I see no reason why he should not go there a second time. (Applause.) Therefore, gentlemen, I am proud to be at this banquet to-night, because in our fight, Governor Ritchie, for what we have in a measure accomplished to-night, we have sent out invitations for a dinner in which we hope to discuss the matters. A half a dozen have responded to the call. Some said, what is the use, but "No," said the others, we will go on, and four or five years ago when the thing was going on the National Association was saying, What is the matter with Maryland? We went down to the Legislature and we passed the Act of 1918. That helped us a little bit and perhaps some of my banker friends, as I heard a gentlemen say to me this afternon, when he invited me to go somewhere, and I said, No, I am going down here, and he said, "What? What are you going there for?" And I told him and he said, "Are you going down there with those fellows who charge 42 per cent interest a year?" Now, he does not know what he is talking about. Before I left him, he did. And maybe some of these bankers who have not given this question a study will say, What do you mean by charging 3½ per cent a month or 42 per cent a year? Gentlemen, there is something that can be done only in one way. The only way that a man can enter into the loan business and do it honestly and do it straight and take the risks that the business requires him to take, and get his money out and get his money in is to charge 3½ per cent to do it to get a fair return on the money invested. It just costs that much money. That is all there is about it. You cannot do it and make a fair return on your money unless you do charge that much. That is all there is to it. If you build a machine it cost you so much money to make it a good and honest and efficient machine, and if you undertake to do it for less you do not get the results. Now, gentlemen, you cannot go into the loan business and conduct it as it ought to be conducted and make a success out of it unless you charge 3½ per cent a month. That is all there is about it. It has been figured out; that is the result of experience. The Legislature of Maryland recognized that and it passed the law. The Governor this session has tried to get this same law passed in every state in the union. The only persons who are fighting this law when it is offered in the various states of the union are the outlaws or the loan sharks in the business. Every man that belongs to this association, every man who belongs to the National Association, and the Russell Sage Foundation and all those that investigated this matter, and all those that know anything about it, are in favor of the Maryland law being the law in every state in the union. The only people who are fighting us, the only fight that we had, is from the men who are strictly loan sharks, men who do not want to take 42% a year, or 3½% a month, but men who want to take 100 per cent or 150 per cent or 200 per cent a year. Those are the men that are fighting us.

That is the only trouble we have. As soon as our proposition is presented, as soon as the books are open, as soon as the figures are shown, those who are honest are with us, and this Association and the National Association will never stop until the law is uniform in every state of the Union where this business is carried on. And I am proud to know that we have the endorsement of the business community in this state, that we have the endorsement of the Governor of this state, and I congratulate the men who started the proposition in Maryland, and I congratulate the men who formed the National Association, and I congratulate you men who are following in the footsteps of the men who formed this association to make it grow in Maryland until every lender who takes out a license is a member of this association. And you should see to it through this association that every member of the association is imbued with the ideals of the association and conforms to its rules and regulations. Then, gentlemen, when you want to have your public functions, the bankers, the brokers, the Governor, the United States Senator, and anybody else that you will invite will be glad to attend your public function. (Loud applause.)

The *Toastmaster:* After you have heard this resume and heard what Mr. Bryant has said, there is not a thing that I could add, there is not a thing that I need to say that will evidence more clearly the appreciation expressed by the members, the affectionate feeling that we have for Mr. Bryant. One cannot turn his back on the friends who stand by him in the places of our history when the lenders were lonely and when the men outside, in the position of service passed them by. You could not hope for men of clean purposes to come into a business that was ostracised and isolated. It required the courage and stamina that came from the wise counsel and judgment of one like Mr. Bryant. You can understand the extent of his service when I tell you that recently there came into my hands data which showed that only approximately eight per cent of the population of the United States carried checking accounts, that four per cent of the population was indigent, that eighty-eight per cent of the population are prospective borrowers from institutions of this kind. Is not that something to take into consideration when you legislate for people, for the masses? Isn't it worth while? It would seem so to me.

And now, just before we go, I want to show our appreciation to the Governor for his kindness in coming and dining at our festive board. Won't you rise and let us give him three hearty cheers for himself and the other guests who have been kind enough to come.

(The diners arose and gave three hearty cheers for the Governor and the invited guests, and then, after the singing of Aulde Lang Syne, the meeting adjourned.)

HOW TO EDUCATE A CUSTOMER TO PAY WITHOUT NOTICE.

By H. P. Gatter, Philadelphia

I cannot help but feel the weight of the privilege of addressing the members of the Pennsylvania Industrial Lenders Association and their employees on this subject. Many of you I have known for a long time, and fully realize your superior knowledge of the loan business, but rather than apologize for my shortcomings in handling the topic assigned to me, I hope that you will accept my recommendations at par. Should they be contrary to your judgment, accept them not critically, but rather as a well-meant effort on my part, unfortunately misdirected.

How to educate a customer to pay without a notice is in itself of little value if the expense is all that is to be considered, but the account in your office that receives the first reminder of an overdue installment, is like the first snowflake of a snowstorm—one never knows what the end will bring forth.

We are able to trace to this class all our slow accounts, as well as those where the addresses are most desired. The teaching should be given serious consideration at all times, from our ad in the newspapers which first attracts the customer, until we finally say goodbye after the deal is paid in full.

The topic can well be divided into several classes, but the main subject in each class is *"Impression."* It has long been said "a loan well made is a loan well paid." I am, therefore, going to ask you to come along with me in our efforts which first attracts the borrower, the impression made on his first entrance into our office, the taking of the application, our outside man's handling of the deal, and how the loan is finally closed.

Newspapers and circulars are the methods through which most offices get their new business, and it is also the channel through which our first impression is made on the public, and while I recommend such advertising as will be in keeping with a financial institution, I feel there should be no doubt in our minds as to the value of truth. Advertising containing elaborate statements made purposely to mislead the public, may get you new business, but the customer so obtained never entirely forgives you for your misrepresentation, and they have lots of opportunity to return the same compliment, and it is a well-known fact that they generally do. The office that can be supplied with a new business, recommended by the Firm's customers, is most fortunate, not only because it is most economical, but it generally comes to us already impressed with the firm's way of doing business, and needs but little educating to pay promptly.

The prospective customer when entering your office, has already had his first impression lesson. This was formed before we had personal contact with him, but the effort of the office should now be to teach him the real way of doing business. The very atmosphere in some offices indicates promptness and courtesy. The well-lighted lobby, the quiet manner in which the office is managed, is sure to make him feel comfortable, and impress him with the character of the Firm with whom he is about to do business.

It would not please you, I am sure, if you went shopping and were forced to waste your life waiting for attention, or be permitted to listen while someone complained about the poor cloth or the bad eggs. This sort of impression, however, is made on the prospective customer or open account when they are permitted to be an audience while some loud talk about the interest this month being more than last, or an argument with a slow account on the telephone over an extension of time, is being carried on. Care should be taken to avoid talk of any kind through the cashier's window that would expose a delinquent condition of another account. This is not only embarrassing for the particular customer, but should an applicant overhear it, he is apt to think such an affair is a continuous performance in your office, and at a later date feel inclined to delay his own payment for a very trifling reason. An invitation into the private room not only impresses your customer with the importance of the deal, but you gain his respect, and when he is seated comfortably and privately in one of your small offices, he feels more at ease, and consequently is willing to talk. We all know the opportunity to size up a new loan when he is prone to chatter.

The successful loan man must learn diplomacy. He must always remember that he is his Firm's personal representative before the public, and upon him devolves the responsibility of getting new business, as well as retaining the old. The applicant may be new at borrowing money and should be considered so at least. He will be much impressed with his initial reception, upon which his entire future handling of the loan may depend, therefore, the taking of an application for a new loan should never be left to inexperienced help.

The loan man is obliged to protect the Firm's interest, but very frequently in our ambition to learn whether or not the prospect has other loans, we lose sight of the fact that we are exposing that possibility, and I firmly believe that many customers who to-day are carrying other loans, first learned this habit through our teaching. It is, therefore, very essential that special tact be used in your effort to size up the quality of the risk. Keep in mind too that your outside man has the loan to look up, and your final judgment is not yet necessary. Asking too many questions when taking an application, not only causes the loss of a loan very frequently, but is certainly displeasing to a new borrower, and has a tendency to tell him that your firm is doing business with housekeepers not up to his standing. Remember, the applicant comes to you for information only, and should not be expected to willingly expose his past life until he knows whether or not he wants to deal with you.

A prospective customer should be deeply impressed with the value of the service he seeks, the cost for the same, the date of the payments, the amount of each installment, and the company's willingness for him to pay larger sums at more frequent periods, if it is convenient. The security should not be overlooked, but not talked about to such an extent as to frighten the customer in believing that you are very apt to take his home if he does business with you.

The value of an outside man's visit to a new customer's home and its effect on prompt payments cannot be questioned, provided he is the sort of a fellow who is trying to improve his position by his best efforts. Just a few of his duties that will help in the education are:—He must first realize the importance of the transaction itself and that he is representing a financial institution. His position is not one of authority, and much assistance can be had if he will demonstrate his full knowledge of courtesy. Courtesy will assist him materially in getting the information the company desires, and his very action in securing this data will impress the new customer with the importance of the deal.

The inventory should be taken very carefully and receipts be requested, should any questions arise as to ownership. All instruments having numbers should be recorded. Never list an article that the housekeeper requests if you cannot see it. This takes away the importance of what you are doing, and is in no way fair to your company. Rent receipts or tax bills should be requested, and notes made of their condition. The income from which we hope to get back our loan should be recorded and the date it is received. It is often necessary for you to explain at the house your rate of interest, the monthly payments and when they are due. You should never try to see how quickly this work can be done. We would much rather you attempt to do the job thoroughly and impressively. Never commit yourself definitely whether or not a loan is to be made from your report. This is the manager's duty and while a great deal of stress is placed upon your look-up, it will convey a much better impression on the new customer if they know the office is the place where final judgment is given on such important matters.

It is very satisfactory to let it be known that you feel confident general conditions warrant the making of the loan, and it is most fitting for you to make an engagement for them to call between a certain hour, either that day or the next. This usually encourages a loan, and certainly makes it appear more important.

When a prospective customer calls for a new loan, they should be ushered into a private room as quickly as possible. This, for the very same reason, explained while taking the application.

The making of loans may not be a science, but it does require scientific procedure. Our first aim is to be certain that the deal is absolutely clear to the man and his wife, and to be sure of this a repetition of your explanation is again necessary. The papers about to be signed should be explained by all means, and it is very wise in some cases to read from them certain paragraphs that would apply to points where you think the customer is weak. On most of the notes used, the amount of the payment is mentioned as well as the date it is due, and I am sure no customer is permitted to overlook this fact, but unconsciously the manager will break his own contract by permitting a permanent extension on the deal until the Saturday after it is due, or the pay day on the first. It is one of your main duties to state to your customer when the payments are to be paid, not for him to tell you. A permanent extension does nothing more than expose a weak link in your contract, and I have learned that with proper tact it can almost be eliminated and much more respect given to the deal.

Only a very weak loan man will attempt to frighten his customers into paying the loan promptly. If you are doing this sort of thing, please change your methods at once, for you are not only ruining good business for your company, but you are jeopardizing the loan industry as a whole. Can you imagine several thousand customers in your office paying promptly every month just because they are frightened into doing it? Try to show the value of your service and the importance of the transaction. You can make a customer pay you promptly by impressing him that it is his duty, and if your position in his mind is what it should be, he will stand everyone else off if necessary, so that your obligation will be taken care of when it is due.

We can lose or gain lots of our impression in the signing of the papers. I know of an office where no signature is ever taken on the outside, excepting in the case of illness, and then only in the presence of an employee and with the consent of the manager. It is, of course, best to have both parties call at your office at the same time when a deal is to be closed, but when it is impossible, insist on the endorser or husband calling first. This permits you to pay the money to the wife, who is usually the one most interested in the security, and adds materially to the impression. Frequently you may have to refer to that part of the law which makes it so advantageous to make our loans to the wife instead of the husband. If it is absolutely impossible for the husband to sign first, then a power of attorney should be given by the wife, authorizing you to pay the money to her husband. The wife also must pay the twenty-five cent revenue stamp used on this document.

It is considered wise by some managers, with whom I agree, to have two employees' name appear as witnesses on all their notes. The duty of one is, of course, to make the loan. The second employee is called in with the money just before the loan is closed, and it is his or her duty to confirm and witness the signature of the maker, and also verify the understanding as to the amount of the payments, the interest and the date the installments must be paid at the office.

Now I feel sure that if you carry out all of the recommendations that I offer, you will still find need for sending notices, for most of the dope that I have given you is composed of the same old stuff. My only excuse is that probably some of the later employees are hearing it for the first time, and just a possibility that some of the older ones will profit by having their memories refreshed.

Read at Annual Meeting Penna. Industrial Lenders Assn., Philadelphia, November, 1921.

LEGAL REFORM BUREAU.

26 Cortlandt Street, NEW YORK,
June 16, 1922.

Dear Mr. Kehr:

Will you please advertise in the next edition of the "LENDERS NEWS" that we would like to secure several copies of the Money Lenders Handbook, 1919 and we would be glad to pay $1.00 for them.

Please include in the ad that if the people who have them would send them in to us with a memorandum of their name and address, we would be glad to see that the remittance goes forward to them promptly.

Our supply of these is exhausted and the new ones are not yet ready.

Will you please advise me when you have attended to this.

Very respectfully,
H. S. TURNER, *Secretary.*

GEORGIA.

The annual meeting of the Georgia Association was held Thursday evening, June 22d. The meeting was called to order at 8:00 p. m. by Chairman A. B. Madison, with all members present.

The membership committee reported one new office for membership, the Beneficial Loan Society of Macon, Ga. A vote was taken and unanimously elected to membership, followed by the election of officers for the preceding year.

A. B. Madison, chairman; J. B. Otey, vice chairman; B. L. Lassiter, secretary and treasurer. After a number of interesting talks from members of the association, the meeting was closed in due form.

BOUQUET.

DES MOINES, Iowa, June 28, 1922.

Dear Mr. Kehr:

We are in receipt of your June issue of the INDUSTRIAL LENDERS NEWS, and wish to congratulate you on the excellent material contained therein. It is in our opinion, one of the most valuable issues, and we have gone so far as to read several of the articles at a meeting of our organization.

Respectfully yours,
State Loan Company,
H. O. HULLING.

SEVENTH ANNUAL CONVENTION, INDIANA INDUSTRIAL LENDERS ASSOCIATION.

Speeches Delivered at the Banquet. May 17, 1922, Claypool Hotel.

Mr. Stratton: I take pleasure at this time in introducing to your Judge Collins, of Indianapolis. (Applause.)

Judge Collins: Mr. Toastmaster and gentlemen; I was in receipt of an invitation the other day to be your guest on this occasion, and I went home this afternoon and put on all my glad rags and came down here to be your guest, without the intention of making any speech; I am not here to make a speech, but I cannot permit the opportunity to go by now I am on my feet to say to you that I rejoice with your toastmaster in the wonderful growth and development of the business in the state of Indiana. The fact of the matter is I like it. John Aufderheide and Will Zumpfe, when I think how they have grown and developed into industrial money lenders, poor Father Gavisk and myself are now the only loan sharks in Indianapolis. The Industrial Loan Association of course has for its purpose the keeping on the statute books of Indiana, the law of 1917, which was enacted as the result of a great deal of hard work on the part of Brother Stratton and a few of us who were meeting in small rooms in those days to create an influence for the enactment of the legislation. It is very gratifying to know that the floor leader of that time, Judge Robinson, is here and will speak to you a little later

One of the fine things about this business of yours is that you can teach the poor thousands' thrift. I do not mean, however, in the sense of the young fellow in Sullivan County, near Stratton's home, that sent that little order to Sears-Roebuck. One morning they received an order that read something like this: "Sears-Roebuck & Company. Gentlemen: Inclosed please find post office order for 40 cents, for which please send me four rolls of toilet paper." The clerk replied to this order, —"Your valued order received. If you will look on page 1215 of our 15,000 page catalogue, you will note that toilet paper is 15 cents a roll. On receipt of the additional 20 cents, we will be glad to fill your order." The young fellow from Sullivan wrote back: "Gentlemen: If I had owned one of your 15,000 page catalogues, of course I would not have sent this order." (Laughter.)

I do not know what Judge Robinson has in mind, but right here at my left is John C. Foster, secretary of the Charity Organization Society of this city, a gentleman who comes in daily touch with the great problems of the poor—the thought I have in mind is this; that if a bankers' convention or any other organization of men who have to do with banks, are gathered together in the city of Indianapolis, talking over the plans for bringing us back to normalcy, and restoring industrial conditions, we would see in the paper in the morning their views, suggestions, counsel and advice for those things that would all be tremendous and impressive, but I want to say to you, if you could tell the story of what you have done in the twelve months to relieve conditions and alleviate the misery of the poor, gentlemen, it would be a story that I want to say to you the American people would appreciate and understand. (Applause.) And that is the side of it, of course, that is never given out; it is a sort of closed chapter. The loan is made and paid, and yet nobody understands what a wonderful thing is being done.

I am glad that Mr. Hartz has invited me to be here, and I am always glad to meet with the veterans in this work, and glad that I have had something to do with the placing on the statute books of this state the law of 1917. Two years ago, when Senator Dailey, was here and delivered that splendid address in the Riley Room, and took occasion to say that I was wrong in saying that Indiana was the first in enacting the loan bill, but afterwards he apologized to me, because I was right. We did put the first act of that kind on the statute books, and my good friend here was the floor leader at that time, and aided us in that work, and it was the best thing for Indiana, and your business, and the citizenship of this state that could have happened, and I want to say to you, as a citizen of the whole commonwealth, I am proud to be with you. (Applause.)

Mr. Stratton: I present to you now, with great pleasure, Mr. Walter R. White, of Indianapolis.

Mr. Walter R. White: Mr. Chairman and gentlemen: Now, that the judge of the Criminal Court has gone, I think we can proceed with safety.

I cannot turn the keys of Indianapolis over to you, but I can bring to you, and it is a pleasure to bring to you, greetings from 250 Kiawanians, who, I think, are working perhaps along the same lines that you are working. In other words, we have for our motto, "We Build."

I presume I have had the same experience that most every other young man has had who came up without a dollar—and hardly without a dollar yet —I came into the hands of one of the old fashioned loan sharks. I mortgaged my wife, household goods and my life, and my future, for $50.00, and heaven knows, I do not know how long it took me to get out. I remember distinctly that before I got out, the interest was practically what the principle was that I borrowed. But it is gratifying, gentlemen, to see an organization of this kind, living under the law and abiding by the law that is a protection to the people. I understand you started out with something like forty members, and you now have something like ninety or ninety-five; in other words, you are entering into the spirit of all other like organizations, that of coöperation, that of an exchange of ideas. This is a sort of a day of listening in, and of the helping of each other.

I think I can see in the future of this organization founded upon the principles that I understand it has been founded upon, this industry of yours spreading to every state of the union.

If I am right, I understand that such a law as we have in the state of Indiana, which was the first law enacted, is now in existence in something like fourteen or fifteen states of the union. I once heard a story of two men who went out hunting. They got where there were no houses, where there were no places to hide from danger. They had a gun apiece and some ammunition. Before long ahead of them they saw a pack of wolves coming. There was no place to go, no place to hide, so upon quick thought, they started firing to get themselves out of the danger. The wolves began to fall and come and fall and come and keep piling us, and they kept piling them up and piling them up, and they shot there for six days and nights, and finally thought they had killed the last wolf, and they started over the hill, when they saw the main herd coming.

I think, gentlemen, with your work here, as you have started it, if you can get into every state of the union, you are only now beginning to see the main herd coming.

I want to say I am glad to be a guest here, and I am glad to see a bunch of men that do not look like real sharks. I thought some of you would have horns, but you look like all the rest of these civic organizations that exist in the various towns of our state. I have no doubt that your home town, where you are, you coöperate with other civic organizations in upbuilding and helpfulness, and you are giving your people and city a social side of life, just as in this town.

If we all enlisted in one common cause and worked with unity, we could put over any good and big thing for the betterment of our citizenship, and we always get out of a thing proportionately to what we put into it. Some of us forget that in our daily routine, but when we get home at night we find there is something more that we can do tomorrow.

Due to the fact that you have lawyers and judges who know how to speak and say things to you, I am going to thank you for the invitation to be here as Mr. Aufderheide's guest and your guest, and I want to say that any time you are in Indianapolis, on Wednesday, I would be mighty glad to have any of you drop into the Kiwanis Club and accept our hospitality. (Applause.)

Mr. Stratton: I take pleasure in introducing Mr. H. D. Deweese, of Columbus, Ohio, our field secretary.

Mr. H. D. Deweese: Mr. Toastmaster and guests of the Indiana Association: I am glad to be here. I am always glad to be where loan men meet for sweet counsel. It occurs to me, however, that when I know the actual talent that is on the program, I feel more or less timid. In that respect I am in the same position that George Prentis, of Kentucky, was. He lived in the days when Henry Clay was known as the greatest orator, not only in Kentucky, but in this country. It seemed as though he was billed to make a speech on a certain occasion, but was not told that he was to appear on the same platform with Henry Clay, and when he arrived in the city and saw his name on the bills, scattered throughout the city, that Henry Clay and George Prentis would speak this evening, he did not say anything until he arose to speak, and then he said: "When eagles are in the air, buzzards and bats should hunt their holes."

I feel very much in that position tonight. However, here is where I come in, You had a splendid program, and it is only splendid because I was not here to mar it.

You know when Rastus went to the dance. He found a yellow gal there, and the boys all wanted to dance with her, and he wondered if there would be a place for him on the program, so he finally started up to 'Liza, and he said, "Liza," he said, "is your program full?" She said, "Look here, Rastus, you are sure some fool nigger if you think one little measly dish of ice cream would fill my program." I do not think my speech can make this program any fuller; I thank you. (Applause.)

Mr. Stratton: I think I forgot to mention that Mr. Deweese was the traveling secretary of the National Association. Next I want to introduce to you Mr. Mellis, of Indianapolis. (Applause.)

Mr. Mellis: Mr. Toastmaster, gentlemen and loan men: I understood the Toastmaster to say at the time he made his announcements he was going to call on the visitors for a talk. Now, I do not feel I am a visitor among the loan men. There has been a time when I spent the best part of my life in the loan business, and I do not feel I could tell any of you men anything that would be of any benefit to you. I see we have with us to-night several visitors who can probably make you a talk, from which you could get some benefit, and I am willing to give way to them. I came this evening for the purpose of listening and not to be heard; I thank you. (Applause.)

Mr. Stratton: I have now the pleasure of introducing to you our Banking Commissioner, Mr. Camps.

Mr. Charles W. Camps: Mr. Toastmaster and gentlemen: Just before five o'clock this evening the Governor sent word to my office that it would be impossible for him to attend this banquet on account of important work with the Reformatory Committee. He did not say in what respect that was to be connected up with this banquet, but he desired me to express his regret and inability to be here to-night. The Governor is one of the common, plain people, and likes to meet with the people; he does not make an engagement for the purpose of breaking it, and it is only on account of important business that he is not here to-night.

I am not here to make any speech; I suppose I was invited by Mr. Hartz, on account of the fact that my department of the state has the loan and credit business under its supervision. I have listened to what Mr. Stratton has to say about complaints and so forth, and I will say to you in all sincerity, that the loan and credit people have given me very little trouble. We have had few, some few complaints; and those have been investigated and sometimes the licensee has been found at fault, often times not. We endeavor to investigate every complaint where there seems to be any evidence to substantiate it.

We have 270 licensees, and I congratulate you on the large number that are present to-night. I think you owe it to the Association and yourselves to gather in as many of the licensees as possible in order to get the most benefit out of the act.

I say further, speaking about supervision, the banks give me a lot more trouble than the loan and credit men. In fact, they keep me busy a good part of the time. Now, I do not know what I can say that would be of any special benefit to you, except this; it occurred to me, and I took it up with some of your officers, that I believe the loan and credit Act should be amended in this respect; that no licensee should be permitted to be engaged in the selling of securities; that no loan and credit business should be closely affiliated with any other business, particularly any business connected with the selling of securities. I think the loan and credit men should operate separate and distinct offices. I think in the course of time, possibly in the next session of the Legislature, the Act should be amended so that we could make an examination of the business of each and every licensee. This is impossible at this time, on account of the lack of revenue. We do undertake to supervise and examine the loan and credit companies in the city of Indianapolis; that can be done without any expense to the State. Violations have been few and far between, and there are reasons why the licensees should obey the law under which they operate. If you get into trouble with any of your loans, you can have no right of action in court unless you are properly licensed.

I thank you very much for your invitation to be here, and I congratulate you on this large gathering and hope to meet with you again. (Applause.)

Mr. Stratton: We also have with us the Chief Clerk of this department, the man who really, as I understand it, comes in contact and has charge of this department. I introduce to you, Mr. Elmer Johnson.

Mr. Elmer Johnson: Mr. Toastmaster and members of the Association and visitors: I can only coöperate with Mr. Camps in this work, and while he is the man on the throne, I look after the details of the work and I try to keep Mr. Camps informed on the plans, and in answering complaints we advise with him, and we have answered every complaint that has come in, either by personal touch or correspondence, and if I am reliably informed from the list of licensees, I do not think we ever had a complaint from any member of the Association. I have a list of your membership, and I always try to see if the licensee complained of is a member of your Association, so that I can take it up formally with the Organization.

I believe if you get all the men in the organization, you will have the complaints eliminated. I find it is either due to error or misunderstanding that complaints are made.

We had a complaint the other day that came in, and we sent the man over to Mr. Hartz, and I trust that man will soon become a member of your Association. There was no wilful intention to violate the law; I believe he violated the law not knowing it.

The business is practically up to you men to make it what you want to make it and Mr. Camps' suggestion along the line of further legislation I think would be good at this time. There may be other measures that would still improve the business.

I do not want to take up your time, but I wish to assure you personally that I am willing to coöperate with you in any of the work. If there are any complaints, submit them to Mr. Camps, and I and he will be pleased to advise as to the proper method of solution. (Applause.)

Mr. Stratton: I next want to introduce to you Mr. Russel Wilson, President of the American Club.

Mr. Russell Wilson: Mr. Toastmaster and gentlemen: I am one of the buzzards, and not one of the eagles or "waa-hoo" birds, and got cooled off. You notice the difference between the thirty minute speech that Mr. White made, the five minute speech Stumpfe made—as soon as the Criminal Court Judge left the room, Walter White considered he was under no more restrictions.

Mr. Stumpfe and I are rather embarrassed this evening, as the Judge of one of the civil courts, before whom we must practice, is present, and even though we both were eagles, we do not dare to sore out to-night, for to-morrow, "off goes our head." I had rather expected to leave early to-night, but when I understood the Chair to say that we are soon to repair to the bedroom and close all the doors, I decided to stay it out.

Gentlemen, there is something really wrong with your publicity bureau, if you have one. Fifteen years ago when I first came here to practice law, one of the chief occupations of a young and new lawyer was Justice of Peace cases against institutions such as yours. Every few days we learned you were on the map by some poor man coming in and claiming he had been beaten out of his furniture and piano by one of you. We were always busy. Of course, we never got any place. If we had won the case we would not have accepted any fee.

When I received an invitation to come her to-night, I asked somebody what this Association was. They told me, and I said, "Oh, no, those fellows have long since gone out of business, because we have not had a complaint in our law office in the last ten years." Something has gone wrong in your publicity. We do not hear you sworn at or cussed any more, and how a young lawyer gets any practice I do not know, but you ought to have some consideration for the lawyers. How do you expect us to make a living? We cannot all be judges with ten and fifteen thousand dollar salaries, and you put us out in the cold.

My object in coming up here was mostly in the hope that I would be able to establish a credit in one way or another, and when I see these industrial money lenders, I think, there is a place for me; I am expecting confidently to make a few loans before I leave this time, with the money coming in on me.

Seriously, I enjoy being here very much indeed. It is my good fortune to represent as vice-president the American Club of this city, and I think the main business of the lunch club is to scavenge, because I certainly scavenge a good deal. But I enjoy learning something about the business, and I will take it upon myself to distribute something of the information that I have learned among our members, and I want to say to you that if you are here on Tuesday, I extend to you a cordial invitation to come and lunch with us. (Applause.)

Mr. Stratton: I have the pleasure of introducing to you at this time Mr. John C. Foster, General Secretary of the Charity Organization of Indianapolis.

Mr. John C. Foster: Mr. Toastmaster and fellow civic workers: Judge Collins got up with a Tuxedo coat on and said that he did not expect to be asked to say anything, but I believe when a fellow comes to a banquet and didn't have time to go home for his Tuxedo, you will believe him when he states he did not expect to make a speech. I am happy to be here to-night. When I first came to Indianapolis, I was asked to come and make a speech, and it was a hot night, but I dressed up in my Tuxedo coat and got on the street car and started down town to make my speech, and some fellows on the car punched another and said, "That fellow is Secretary of our Charity Organization," and the other fellow said, "The hell he is." (Laughter.) Do you know I have not been on a street car with a Tuxedo on since, unless I had my overcoat on over it.

You know the social worker is like the industrial money lender to-day. There was a time that the social workers were long haired men or short haired women. There was a time when money lenders were not the group of people we have around the table to-night, and as in the social workers, it has been remarked a lot of us are interested in the same family situation and we are both doing the same thing, the same kind of work in behalf of those families, that is demonstrated time and again when our social workers have conversations with your representatives. And the only thing I can say to-night that might be helpful to you is that we both need a knowledge of facts. We need to know our families and the situation pertaining to them, and then we can prescribe treatment. We can give relief. You can give a loan, but it is only on that kind of basis.

Mr. Camps says, "Keep your tub standing on the bottom," but we say in social work, "Know your family, and keep both feet standing on the ground while you are dealing with them, and do not let anybody tip you over."

Case work and family helpfulness is the same thing. Make an investigation and know your facts before you prescribe your treatment.

I am very happy to be here to-night.

MICHIGAN.

A meeting was held in Lansing at the Hotel Downey, April 20th and an unfortunate circumstance made it impossible for me to attend. Mr. Ryan of the Provident Loan Society acted as secretary.

The minutes of the meeting show that there were present, F. E. Stroup, of the Chattel Loan Company, of Grand Rapids; J. E. Ryan, of the Provident Loan Society, of Detroit; Mr. Buckner, of the Buckner Loan Company, of Pontiac; Mr. Kelso, of the Welfare Society, of Lansing; Mr. Hueman, of Beach and Hueman, of Jackson; Mr. Hanes, of the Lansing Loan Company, of Lansing; Mr. Mosher, of Lansing; Mr. Bentley, of Detroit; Mr. Whaler and Mr. Jordan, of Grand Rapids; Mr. Firth, of Kalamazoo; Mr. McCuen, Mr. Smith and Mr. Carter, of Jackson, and Mr. B. E. Henderson, of Chicago.

Mr. Henderson called on the Commissioner of Banking previous to the meeting urging him to accept our invitation to attend, but the pressure of other business made his attendance impossible.

Mr. Woll's letter as regards the change of the National Association dues was read and it was decided that dues in the association would be figured at the rate of seventy-five cents per thousand of the average loan outstanding. The association also went on record as being in favor of interest being figured on daily unpaid balances.

John E. Ryan of Detroit, was appointed as delegate to the convention. Mr. Carter, of Jackson, as alternate.

The meeting I am informed was filled with lively discussion and was very interesting to those in attendance.

Very truly yours,
J. A. Macbeth, *Secretary.*

SUGGESTION.

Indianapolis, Indiana, June 17, 1922.

Dear Mr. Kehr:

Some of the members of our association in making applications for membership in some of the civic bodies have been informed that they find no classification "Industrial Loans" or "Industrial Lenders."

It occurred to me that in asmuch as we are classifying ourselves as Industrial Lenders it might be well for the association members in the cities where city directories are published, to get together and see that the directory insert a classification "Industrial Lenders" instead of "Chattel Loans" or "Personal Loans" or if need be combined with one or the other of these classifications so that there might not be any need for the report back that there was no such classification.

Classifications might be a matter that could be talked over at the Annual Convention at New York in September. I only offer this as a suggestion and you may do with it as you see fit.

Very truly yours,
W. R. Hancock.

INDIANA.

The Fort Wayne *Journal Gazette,* and the *News Sentinel* announced the election of Joseph Baum of the Indiana Loan Company, as Chairman of the Fort Wayne branch of the Indiana Industrial Lenders Association, and W. A. Rich as Secretary-Treasurer.

In the early part of April, a dinner and business meeting was held at the Chamber of Commerce. The program consisted of discussions of general interest to members and inaugurated a new plan to hold monthly meetings of the organization.

The following are members of the local branch: Fort Wayne Loan Co., Indiana Loan Co., Peoples' Collateral Loan Co., Peoples' Finance Loan Co., and the Welfare Loan Co. Meetings are to be held on the first Wednesday of each month.

Efforts are being made to hold in Fort Wayne, one of the meetings of the State Association and should they result successfully, a State meeting will be held there in September. All the Fort Wayne members have signified their intention of attending the State meeting of the Association to be held at the Claypool Hotel, Indianapolis, May 17th and 18th.

NEW YORK.

On March 3, 1922, Senator Fearon introduced in the Senate of the New York Legislature, an act to amend the Banking Law in relation to Personal Loan Companies and Personal Loan Brokers, the purport of which was to change the existing rate of 2% a month and fees to a 3½% per month rate of interest. It was reported out of committee unanimously and passed the Senate unanimously. In the House it was referred to the Committee on Rules, and there it was lost in the shuffle incident to the closing of the session. We are informed that the State Superintendent of Banks and the Deputy Superintendent approved the amendment.

FINANCING THE SMALLER MAN.

People Who Have Not Credit at Banks Do Borrow $100,000,000 a Year Nevertheless.

By Joseph A. Reichart.

The average man does not have sufficient financial resources in the day of his greatest opportunity or need. The usual commercial bank is organized to make loans primarily upon property or other recognized business credits; and the man without tangible collateral of some kind, no matter how honest and thrifty he may be, no matter how good his character, will scarcely be accommodated at a bank.

This is as it should be, for it is said that only seven persons in one hundred maintain a bank account. True, some of them maintain several bank accounts, but the fact remains that ninety-three persons in one hundred have no bank account at all. National banks, state banks, trust companies and savings institutions are admittedly not equipped or conducted with a view to engaging in the business of loaning small sums of money to the average man who has neither a bank account nor the kind of readily liquidable security banks necessarily require as collateral to loans. To do so would materially increase their clerical staffs and would consume the time, attention and energy of bank officials and considering a multiplicity of loans, and advising a great number of small prospective borrowers concerning their personal and financial difficulties. Moreover, it is essential that such small loans to the average man be made upon a convenient weekly or monthly repayment plan, adjusted to the need of the borrower. This in a large number of small credit payments would necessitate the computation of accrued interest on innumerable small items and largely increase bookkeeping overhead.

Now it is perfectly obvious that with the necessity to serve the business community well, banks would not be justified to undertake to add to their already great problems and responsibilities in financing the substantial manufacturing, shipping and mercantile businesses of their communities, the risk, effort and expense of financing the small loan needs of the average laborer, clerical worker and professional man. This is a business separate, distinct and apart from the business which national and state banking institutions are chartered or expected to perform. The two businesses, so different in clientele and methods, could not be conducted advantageously by the same institution and are never found together.

Who, then, is to furnish this necessary small loans service?

Why the Gap Must Be Filled.

There are two distinct classes among those who seek to borrow money outside the field of the commercial bank; but the one class is enormously greater in number than the other. The first is made up of the chronic borrower, the down-and-outer, and the man who was always in hard luck. Their borrowings are of paltry sums, merely a few dollars to tide them over until pay day. These we may pass over with some sympathy for their frame of mind rather than the conditions that brought about their predicament.

But the second and far the more numerous class, so numerous, in fact as to almost hide the drifting human derelicts from view, is made up of men and women, exactly like you or like me. They come from those great armies of steady and habitual industrial workers employed in stores and offices, foundries and workshops of the great cities. They are also recruited from the ranks of the Federal, state and municipal employees, artists, professional men and women, etc. In many cases they have homes of their own, children and usually good employment at their profession or trade. They are earnest, thrifty citizens, bent steadfastly upon the worthy ambition to get ahead in life and ordinarily amply able to carry their financial obligations. But misfortune or sudden opportunity requiring the use of ready cash comes at unexpected moments. Unforseen emergencies develop in the lives of all of us. Illness, death in family, temporary unemployment or other mishap; or perhaps a chance to better our condition in life, take hold of this, that or the other opportunity—all these call for almost immediate use of ready cash. Perhaps there is a small savings bank account, but this is exhausted all too soon. To turn to friends is unsatisfactory and the great majority are loath to appeal to charity. What they need is not advice but money, and money only.

The legitimate need for money, left unsatisfied, makes young men thieves and young girls shameless.

It makes anarchists and "bums" out of honest working folk.

It makes beggars out of self-respecting people. It makes straight men sneaks.

One may not expect in these restless days of socialistic and "red" agitation that the multitude will stand by forever humbly and be thankful for inadequate facilities. If we are to fight Bolshevism, we must deprive its advocates of all just cause for complaint against our modern civilization and economic life. It has been in many cities a just complaint that adequate provisions have not been made for the necessary and legitimate borrowing needs of the working class. The result is that many are restless because they feel that their interests and their rights have not received due consideration.

Filling the Gap.

There is no reason for this great gap in the money loan service supplied to citizens of our country, except the inattention of the public to a great necessity. As Theodore Roosevelt once said, "This country will not be a better place for any of us to live, until it is a better place for all of us to live in."

As a moral risk and as a risk that offers obligations and security that are certain and realizable, the industrial borrower is on a par with commercial borrowers. This has been clearly seen for years by public spirited persons and organizations and many have been the attempts to introduce a small loans service to take care of the need of the average man.

Probably the best plan worked out for this loans service is that of some small loans societies which is based on extreme simplicity. Loans are offered in moderate amounts up to $300 to any man or woman who desires the use of money for worthy purposes, upon two simple requirements. The first of these is character—reputation for simple honesty; the second, a record for holding one's job. Given the borrower's application for a moderate sum to be used for a sound and thrifty purpose, the loan is made on a schedule of costs figured at a minimum consistent with stability in business and a fair interest return on the money invested. Moreover, monthly payment privileges are extended so liberal and easy that no man could have any difficulty in repaying any reasonable sum, the installments being spread over a period of eight to fifteen months if necessary to suit the convenience and usual income of the borrower. There are no fines for delinquency and interest is paid only on the actual balance due when each payment is made. No fees or charges are exacted and there is no charge at all unless a loan is made. Responsible guarantors are not required, but both husband and wife must join in the loan. Small loans on this plan are called industrial loans and are regulated by law in many of our most wide-awake states.

This plan has leaped into a marvelous popularity. The borrower has seen that a great opportunity is offered him for financial betterment. The merchant and storekeeper recognized that such an unusual service provides countless easy ways for an honest debtor to work off obligations which chafe his pride and sense of independence, and the banker and man of public spirit recognized in such loan systems a vital force working along the same broad and constructive lines they do for the solid betterment of all the people of the community.

Everyone Ought to Help.

Good citizens ought to do their bit to see that the number of states having a Uniform Small Loan law is increased and that little by little every one of the forty-eight states in the Union takes this only practical way to shut out the loan shark.

At this time seventeen states have adequate laws legalizing industrial loans and establishing a maximum rate of interest. The seventeen states include Maine, New Hampshire, Massachusetts, Connecticut, New Jersey, Pennsylvania, Maryland, Virginia, Ohio, Indiana, Illinois, Michigan, Iowa, Georgia, Arizona, Utah, Oregon. In every other state conditions are deplorable and the loan shark thrives either because there are no laws whatever regulating his operations, or because laws restrict the interest to a rate which makes it impossible to operate an industrial loan system at a fair profit.

In the category of states which have no laws whatever may be mentioned Vermont, West Virginia, Kentucky, Missouri, North Dakota, South Dakota, Montana, Washington, Nevada, New Mexico, Oklahoma, Mississippi, Arkansas and Alaska. The failure to enact any legislation whatever in these states in effect legalizes the exaction of the loan sharks because there is no penalty attached to the practice of usury. Loan sharks are at perfect liberty to charge any rate of interest which they may obtain for small loans made to needy borrowers. The result has been that in some instances leaders in these communities have established industrial loan organizations operating at a fair rate of interest in an effort to curb the loan shark. It is hoped by demonstrating the very great benefits which accrue from these organizations that adequate legislation may shortly be enacted in many of these states.

In a different category, indeed, are such states as New York, Colorado, Nebraska, California, Texas, Alabama, Minnesota and Wisconsin. In these states very strict laws fixing a legal rate of interest for loans of all types have been passed, and penalties of fine and imprisonment for their violation have been fixed. In all of these states the maximum rate of interest has been fixed so low that it is impossible for a well-conducted and legitimate small loans enterprise to operate without loss unless they are specially favored as to location and capital. Thus it is seen that the public indignation against the loan shark evil, in some instances, has merely deprived the general public of all facilities for loans in times of emergency. If the small loans legislation is to be effected at all it should be practical, as well as idealistic, so that it does not make impossible a cure in an effort to stamp out the disease.

Chambers of Commerce, Boards of Trade, The Russell Sage Foundation, division of remedial loans, and numerous other social welfare organizations in principal cities of the country have sponsored the Uniform Small Loan Law, considering it a duty to give it full recognition and to work with head and heart toward its adoption throughout this broad and beautiful country of ours with a view to extending to the eighty-six per cent the same efficient, thorough, satisfactory loan service now enjoyed by the favored fifteen.—*United States Investor, July 8, 1922.*

OPEN LETTER.

Please read the following letter from National Chairman Wood:

Gentlemen of the Association:

While we are barred from publishing the actual doings of your hard working Convention Committee, there is no reason why its activities should not be recognized in an expression of appreciation, for the time, worry, effort, personal expense and sacrifice, each one of them is so generously, unselfishly and unstintedly contributing for the benefit of the rest of us and the ultimate glory of our association.

True justice cannot be rendered to that committee, however, by acknowledging our debt. There is so much to be grateful for; so many things to appreciate, and so much to admire in the preparations for our entertainment, education and enjoyment, that mere words expressing appreciation, will not do full justice to the efforts made in our behalf, so I admonish all of you who are interested in increasing the prestige of our association, that we cannot discharge our duty by simply acknowledging the debt and our sense of obligation.

Many conventions have come and gone. All of them have been successful, surprising and enjoyable and each one an improvement on the previous one, but unless the world comes to an end before September ? or the coöperation of our membership is refused, the 1922 convention will be superior to anything that has gone before.

Nothing has been neglected and nothing has been forgotten or overlooked but the important thing for all of us to remember is, that the stage is set this time in New York City and that New York demands a crowd if it is to take notice.

So please bear in mind, all of you, that if we desire to recompense the committee for its efforts and sacrifices, discharge our duty to ourselves and assure nationwide recognition of our association, we must turn out in large numbers.

This is the year and New York the place for large accomplishments, so do not miss the opportunity. Sincerely yours,

W. G. Wood,
National Chairman.

MARYLAND.

The July meeting of the Maryland Industrial Lenders Association was held on the 11th at 8:30 p. m. in the Board Room of the Merchants and Manufacturers Association.

Members and associates present were Messrs. Samuel J. Masters, H. T. Mattingly, E. E. Hougham, R. L. Ryan, R. A. Long, H. C. Moore, H. H. Larsen and R. L. Smith.

Owing to this being vacation season, and several of our members being ill because of the intense heat, they were unable to be with us, however, we hope they were with us in mind, if not in body.

Our former chairman, Mr. Mattingly, gave a short but interesting talk on the complete success of the annual banquet held on June 6th. He also called the association's attention to the valuable assistance given us by our printer, Mr. Goldstein, of the 20th Century Printing Company, and recommended that the secretary send Mr. Goldstein a letter of thanks. Upon motion of Mr. Masters, seconded by Mr. Hougham, and unanimously carried by the members, the secretary was requested to send letters of appreciation and thanks to each speaker at the banquet for their able and valuable talks on the progress of the loan business in Maryland. Said letters to be recorded with the minutes of this meeting.

Upon motion the papers prepared by Messrs. Wood and Moore which were read at our May meeting were filed to be brought up for discussion at our September meeting.

On motion of Mr. Hougham, seconded by Mr. Masters, the Executive Committee was instructed to arrange for printing the speeches made at the banquet. The number of copies printed to be determined by that committee. In a general discussion in which all present took part, it seemed to be the consensus of opinion that other state associations might be interested in having copies of these speeches, and the secretary was instructed to contact Mr. Kehr in this connection, and if in his opinion a demand might be made for them a supply sufficient to cover the demand might be printed and sold to the State Association at cost.

Mr. Hougham, of the Executive Committee, gave our members a very interesting and impressive talk on the value of advertising in the *Baltimore Magazine*, "the official news organ of the Merchants and Manufacturers Association." This magazine advertises progressive business, civic growth and general prosperity of our city and state. Mr. Hougham made a motion that the association advertise as a body in this medium. This motion, seconded by Mr. Masters, and recommended that the association as a body contract for one-fourth page by the year and suggested that the Executive Committee draw up the "ad" and submit it for approval and discussion to the members at our next meeting. The chairman so ordered.

A general discussion was opened as to how many members contemplated attending the National Association Convention held in New York in September. Upon suggestion of Mr. Masters each manager was instructed to communicate with his headquarters asking that he be delegated to represent his office at the convention in New York in September. The expense to be covered by each individual office. It was hoped that thereby the Maryland Association would have a 100 per cent. representation at the convention.

It is hoped that each member will be present at our September meeting, as we have many things to discuss that will be of interest.

As there was no further business to transact, upon motion by Mr. Ryan, seconded by Mr. Masters, the meeting adjourned. H. C. Moore, *Secretary.*

PENNSYLVANIA.

The regular meeting of the Pennsylvania Association was held at the Eagles Mountain Home, Reading, Pa., at 2:30 p. m., on Thursday, July 13, 1922.

The meeting was called to order by the chairman, A. S. Ezekiel.

Eighteen members were present at the luncheon which preceded the business meeting.

REPORT OF OFFICERS.

The treasurer reported on hand, July 12, 1922, $1,021.12. On motion of Mr. Wick, seconded by Mr. Brown, the report was accepted.

The secretary reported a membership of 80—79 in good standing as of July 1, 1922; 60 are also members in good standing of the American Industrial Lenders Association as of August 1, 1922.

REPORT OF COMMITTEES.

The secretary read a letter from the Executive Committee chairman, Moss, reporting a meeting of his committee on June 9, 1922, at which the following matters were considered and referred to the association without recommendation.

1. The proposition of Mr. A. G. Zimmerman that a resolution be passed by the association effective in the cities where new offices are being opened, that the firm opening the office be allowed to have unlimited space in the newspapers for advertising purposes for the first three months instead of the maximum space as now permitted.

2. Resignation of the Hart Loan Society of Philadelphia.

The committee went on record as favoring the drafting and mailing of a letter by the secretary to all association members, requesting a special contribution toward defraying of expenses incident to the forthcoming annual convention of the American Industrial Lenders Association—such contributions to be turned over to Dr. C. G. Mueller, chairman of the Finance Committee of the Arrangement Committee.

UNFINISHED BUSINESS.

The chair announced that an Exchange Bureau for the purpose of avoiding doubling-up of loans and making undesirable credits, is being established in Philadelphia, Wilkes-Barre and Scranton.

NEW BUSINESS.

The resignation of the Hart Loan Society of Philadelphia, on motion of Mr. Wick, seconded by Mr. Zimmerman, was laid on the table.

On motion of Mr. Wick, seconded by Mr. Kehr, the Beneficial Loan Society, 69 S. Main Street, Wilkes-Barre, Pa., and the Beneficial Loan Society, 341 Pine Street, Williamsport, Pa., having complied with all requirements for membership and applications approved by two-thirds of the Executive Committee, were duly elected to membership.

The secretary read a letter from Mr. W. P. Woll, chairman of the National Finance Committee, addressed to the National Secretary and referred by him to the secretary, with reference to membership and dues in the National Body, setting forth two propositions:

1. To have the rate of dues in the American Association made $1.00 per thousand, average invested capital for the preceding year with no minimum but a maximum of $200.

2. To have the rate of dues $.75 per thousand of invested capital for the preceding year with neither a maximum nor a minimum.

After a general discussion, it was moved by Mr. Kehr and seconded by Mr. Brown, that it is the sense of this organization that the delegates to the National Convention be authorized to vote for the rate of dues in the American Association in accordance with the second proposal in Mr. Woll's letter, which is $.75 per thousand of invested capital for the preceding year with neither a maximum nor a minimum. Carried unanimously.

On motion of Mr. Kehr, seconded by Mr. Wick, the question of extending the privilege to a member opening a new office to have ultimated space in the newspapers for the first three months instead of the maximum space now permitted by the association, was put to a vote. The motion was lost.

The secretary read a letter from Mr. George H. Myers, of Williamsport, stating that he had a personal interview with Mr. John G. Reading, a member of the Re-Codification Committee of the State Banking Laws, and had been assured that no changes were recommended for the Small Loan Business, and to the best of his knowledge, the present act is satisfactory to the bankers in general. He was also advised that we should be on the lookout for adverse legislation at the next session.

A letter from George W. Wagner, of Reading, was read, expressing regrets of his inability to attend the dinner as guest of the association. The chairman also announced that a letter of regrets had been received from Mr. Orth of the Banking Department.

The chairman announced that the State Banking Department advised having 151 Licensed Lenders in the Department as of June 1, 1922.

The chairman called the attention of those present to the need of funds for defraying of expenses at the National Convention, and urged personal contributions by the members to the Convention Fund, sending such contributions to C. G. Mueller, chairman of the Finance Committee.

On motion of Mr. Brown, seconded by Mr. Wick, a vote of thanks was tendered the committee from the Reading Group of Lenders, for the delightful place selected for the meeting and the splendid entertainment provided.

On motion of Mr. Wick, seconded by Mr. Davis, the meeting adjourned at 5 p. m., there appearing no further business to transact.

At 6 o'clock dinner was served at the Eagles Mountain Home, to the members and their wives, friends and guests.

Mayor John K. Stauffer, of Reading, and State Senator James E. Norton, also of Reading, were the guests of the association at dinner and gave short addresses which were interesting and enjoyed by all.

E. F. MOORE, *Asst. Sec.*

READY FOR PROMOTION.

There's going to be a vacancy above you later on
Some day you'll find the foreman or the superintendent gone,
And are you growing big enough, when this shall be the case,
To quit the post you're holding now and step into his place?

You do the work you have to do with ease from day to day,
But are you getting ready to deserve the larger pay?
If there should come a vacancy with bigger tasks to do,
Could you step in and fill the place if it were offered you?

To-morrow's not so far away, nor is the goal you seek;
To-day you should be training for the work you'll do next week,
The bigger job is just ahead, each day new changes bring—
Suppose that post were vacant now, could you take charge of things?

It's not enough to know enough to hold your place to-day,
It's not enough to do enough to earn your weekly pay;
Some day there'll be a vacancy with grater tasks to do—
Will you be ready for the place when it shall fall to you?

GOVERNOR ADDRESSES MONEY LENDERS' BODY.

Praises Members for Strides in Profession.

Commenting on the great changes brought about in the money-lending business in recent years, prominent speakers at the banquet of the Money-Lenders' Association held last night at the Emerson referred to the great improvement in the conduct of their institutions.

Governor Ritchie complimented the members on their determination to comply with the law by which they are governed.

President Howard Byrant of the Second Branch of the City Council, who made the principal address, told of the remarkable evolution in the conduct of affairs. He was counsel to the lenders 25 years ago and is to-day the counsel to the association.

Other speakers were President William I. Norris of the Senate and A. S. Goldsborough, general manager of the M. & M. Association. One hundred and twenty-five attended the dinner and among the guests were a number of bankers and business men. W. P. Mattingly is president of the Money Lenders' Association.—*Baltimore American.*

June 7, 1922.

THE DEVELOPMENT OF THE INDUSTRIAL LOAN BUSINESS.

The address with the above title by Hon. Arthur R. Robinson, Judge of Marion County Superior Court, Indianapolis, Ind., published in our last issue has been reprinted in booklet form by the Indiana Association and a limited number of copies are available and will be sent any where by the National Secretary upon application. Here's a chance to do some good educational work.

NO STAMPS REQUIRED.

This office is in receipt of a letter from the Commissioner of Internal Revenue, enclosing copy of your letter inquiring whether it is necessary to affix documentary stamps to chattel mortgages, a copy of which you enclosed.

You are advised that the Bureau holds that the mortgage form submitted is not subject to the stamp tax.

Respectfully,
F. C. FERGUSON, *Collector,*
Internal Revenue.

250 NECESSARY.

To get the reduced railroad fare to the National Convention, New York, September 20th to 23d, we must have 250 people in attendance from outside New York.

It will encourage the committee in charge if upon receipt of a communication from the general chairman, E. P. East, soon to be released if you will respond to the questionnaire presented at once.

ATTENTION!

What important subjects would you like discussed at the National Convention and who do you recommend to handle them?

The committee in charge of arranging the program is anxious to please and instruct those who are planning to attend the convention but it needs your help.

Any suggestions will be welcome if received by the National Secretary before September 1st.

WHO IS DR. GENTHNER?

Dr. Joseph J. Genthner, was appointed Field Secretary of the Legal Reform Bureau, June 1st.

Here are some facts relative to his life work:

Born in New York City, 36 years of age.

Graduate of New York Public Schools.

Graduate of Oberlin College.

Graduate of Theological Seminary School.

Two years of Law.

Nine years in the Ministry.

One year principal of High School.

Three years of Social Service Work.

Member of the New York Parole Commission.

Member of Board of Education

Industrial Work Director, West-Side Y. M. C. A.

Member of Masonic Fraternity.

He has recently been in charge of the movement to enact the uniform law in Louisiana. At present, he is doing educational work in Georgia where it is reported a bill purporting to reduce the rate to 2½ per cent. per month is pending in the legislature now in session.

A New Member Added to the Meilicke Family.

THE MEILICKE JUNIOR

Flexible Leather Bound Pocket Model. Contains interest answers on all amounts from $1.00 up to $300.00 and from one to sixty days. Printed on strong paper in three colors. Bound in leather with button clasp. Sheets are indexed from one to sixty, for ready reference.

This model was designed for use on the manager's desk or by the outside man. Very handy also for telephone use. Many offices now using our larger models have purchased the *Meilicke Junior* for use in the office as well as for the collector.

Three per cent and 3½ per cent now in stock. Sent to any office on approval by request.

Price $10

The William I. Marsh Co.

Meilicke Time and Interest Calculators
For Industrial Loan Offices

102 N. Wells Street Chicago, Ill

UNIVERSITY OF ILLINOIS LI
AUG 30

EIGHTH ANNUAL NATIONAL CONVENTION

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. VII. No. 2. AUGUST, 1922. Price, $1.00 a Year.

COMMITTEES BUSY.

At the time this will be published less than a month will remain before the big National Convention at Hotel Pennsylvania, New York, September 20 to 23. From reports thus far received indications are, that this convention will break all records for attendance, and that those who plan to attend will not be disappointed with the entertainment and educational features provided.

The attendance trophy won by the Illinois Association last year will be hotly contested this year, because it seems to be anybody's race although it would be singular if one of the eastern states would not capture the trophy this year. But to just which eastern state the honor will go, will be answered by Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Maryland, West Virginia, Virginia and Georgia.

Dr. C. G. Mueller, chairman of the Finance Committee, has been much encouraged by the responses which he has received from his appeals for money with which to carry out the elaborate program, which the committees are now busy arranging. Judging from the Doctor's letter, which went out during the month, it appears that he is willing to accept more cash from eastern members who will be the hosts of the convention this year.

Fred M. Jackson, chairman of the Entertainment Committee, promises a real treat in the show he expects to arrange with high-grade New York professional talent.

The Ackerman Publicity Service will have charge of letting the world know that we are having a convention in New York, and will see to it that the Press throughout the country takes some notice of this important gathering, and important things that will be said and done. Mr. Ackerman by the way, will also give a talk on Publicity as related to our business, which is sure to be of much educational value.

George Hodson has charge of the sightseeing, and will be responsible for many of the pleasing features of the convention. Some time ago he suggested in a communication to the NEWS, some of the things worth while seeing in a great city. These and others are on his schedule, which will start soon after the arrival of the delegates at headquarters, and will take up all the spare moments the ladies have during the time the business meetings of the convention are in session.

R. M. Rutherford is taking care of all the details incident to hotel and railroad reservations. If you have not heard from him about this you may expect to do so before very long.

C. H. Watts is arranging for the speakers which may include an address of welcome from Mayor Hylan, a representative from the big businessmen's organization, John M. Glenn, director of the Russell Sage Foundation and other equally notable persons.

A. S. Ezekiel is arranging for the souvenir badges, and making preparations for the proper registration of all delegates who attend.

V. D. Moss assisted by the members of his committee, will be on hand to receive the guests as they come in and see to it that they are made acquainted with all persons in attendance.

The National Secretary is at work arranging the business program which will be filled with a discussion of the important problems of every day business, and some other subjects somewhat foreign to our business but which have an important bearing upon it.

The banquet is to be the big event that has characterized previous occasions. George Hodson and A. S. Ezekiel are in charge.

Mrs. R. M. Rutherford and Mrs. George Hodson will have charge of the Ladies' Reception Committee, and promise to make all the ladies who attend comfortable and happy.

Do you know that a survey of the Small Loan Business is now being made and the person who has been selected for this important work is Dr. Louis N. Robinson, who will be at the convention and tell you what he has learned up to date?

Miss Caro D. Coombs, who has long been connected with the Division of Remedial Loans of the Russell Sage Foundation, is to talk on Credit Unions. There is also to be an open discussion to members only, on the subject "Financing Industrial Loan Offices."

Col. Clarence Hodson, president of the Beneficial Loan Society, upon whom Washington College, Maryland, recently conferred the honorary degree of Doctor of Laws, will deliver the address of welcome in behalf of the Eastern State Associations.

"Financing Industrial Loans during the Strike Period," is to be one of the important subjects discussed at the convention. And there is to be a whole afternoon session given over to the managers who attend, at which any subject which they may desire to have discussed will receive attention.

The subject of dues which has had consideration by most State Associations during the year, will come up for final disposition at the convention. Other constitutional questions may also come up if submitted to the National Secretary at once.

THANKS.

We are very much obliged to those members who responded so promptly with checks for their dues in the national body for the last half of this year. If other members would follow this example, much time and money could be saved for both the state and national associations. Little time remains before the records of the National Secretary must be made up for the National Convention. Will you be in good standing or delinquent? Your check is the answer.

CONVENTION FINANCES.

DEAR FELLOW MEMBER:

The Great Passion of the human mind is to succeed, to get on in the world, to win the things worth while, and to write one's name imperishably upon the bronze tablets of history. It is a laudable ambition, but for its accomplishment are required certain qualities of mind and heart, without which the best efforts will leave no more impression upon the world than a pebble cast into the sea or words written upon the sand.

After the Battle of Thermopylæ, the Amphictyonic council erected two simple columns on the summit of the mountain near the famous Pass. One of them bore the inscription, "Traveller, go tell at Sparta that we repose here in obedience to her sacred laws." The other legend read, "Here three hundred Greeks of Sparta fought against four thousand Persians." No need to tell the result of that battle; it was engraved upon the history of the world. No need to name the three hundred Spartans who fell in defense of their native land; that list of heroes could be repeated by every school child in Sparta.

The answer may be found in the fact that the Persian hordes were driven to the combat with the lash, while the Spartan soldiers struggled with one another for the honor of defending the Pass, and of giving their best, their all, for the defense of their altars and firesides.

Hotel Pennsylvania, New York, September 20 to 23

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W. Va.—F. H. Withrow, 27 Arcade, Charleston.

No one of us can stand alone, live alone, or give alone.

Here and now is the summons containing the warning that *today* is your opportunity of making voluntary, personal contribution to the National Convention Fund of the members of the Eastern State Associations who are to act as hosts to all members of both State and National organizations and their guests, friends, employees and associates. It may be you have already made your contribution, aside from that of the State Association, if so you are commended for the fine spirit which inspired your prompt response.

If you are a Lender enjoying the privileges conferred and safeguards surounding your business occasioned through united association effort you will want to make a personal contribution of some modest amount, thereby feeling justly proud in the part you will take in making the next National Association Convention, to be held in New York in September, another stepping stone in the development and progress of Industrial Lending. Many of the Lenders most active in perfecting the program have contributed $25.00 per office besides personal services, railroad fare, etc. You will want to do your part also. Remit *your* contribution *today* by check drawn to my order.

Give to the world the best you have, and the best will come back to you.

Yours very truly,
CHARLES G. MUELLER,
Chairman Finance Committee.

GEORGIA

Here is a Report on the Attempt to Amend the Scientific 3 1-2 per cent. Rate of the Uniform Small Loan Law in Georgia.

By JOSEPH J. GUENTHER and HENRY F. WOODS.

It is the general experience that the amending or repealing of laws is brought about by a conviction of their proven ineffectiveness. The attempt in the present session of the Georgia Legislature to amend the small loan licensing law now operative in that state is, however, an exception to that general rule. The attempt is induced by the fact that the law has operated only too well to bring about the reform it sought—the elimination of the loan shark evil. The attack on the law is a refutation of the old copybook aphorism that "virtue is its own reward."

While happily there is good reason to believe that the attack on the law will fail—indeed, it has met decided checks in its initial stages—it is significant of the die-hard spirit of the extortionate money lender and of his tenacity of purpose in seeking to regain lost ground by making the conditions of operation impossible to the legitimate money lender.

It was about two years ago—August 20, 1920, to be exact—that the act licensing and regulating the business of making small loans at the scientific rate of 3½ per cent. interest per month was approved and became a law in Georgia. Since that time it has worked well, too well, in fact, and while it has earned the favor of economists, sociologists and those interested in social service, it has earned the hostility of those whose illegal exactions it makes impossible as long as it remains on the statute books of Georgia.

Accordingly on last July 5 House Bill No. 633 was introduced in the lower House of the Georgia Legislature by Representatives John R. Williams of Miller County, and D. F. Walker of Baker County.

The bill was entitled:

> "An act to amend an act approved August 17, 1920, entitled 'An act to license and regulate the business of making loans in sums of $300 or less, secured or unsecured, at a greater rate of interest than eight (8) per centum per annum, prescribing the rate, interest and charge therefor, and penalties for the violation thereof, regulating the assignment of wages or salaries, earned or to be earned, when taken as security for such loans and for other purposes,' by striking the words and figures 'three and one-half (3½) from lines five and six of Section 13 of said Act, and substituting in lieu of such stricken words and figures the words and figures 'two and one-half (2½)' and for other purposes."

The enacting clause of the bill fully explains its intent and purpose, and repitition of the text of the bill itself is not necessary to add to its clarity.

This bill on its first reading was referred to Judiciary No. 2 Committee, which at a meeting on July 18 appointed a sub-committee of three of its members to take the bill under advisement and report back its recommendations at the meeting of the full committee one week later.

At the meeting of Judiciary No. 2 Committee on July 25 the sub-committee submitted its report, which came in the nature of a decided surprise both to the members of the full committee and to those who were present to speak in opposition to the bill at a hearing to be granted by the committee. The report of the sub-committee was adverse to Bill No. 633, but recommended in its stead a bill repealing in toto the present law licensing and regulating the business of making small loans.

Representatives of the public were present at this meeting and were prepared to speak against the bill at a public hearing. Joseph J. Genthner addressed the committee at length and was questioned exhaustively by members of the committee. The meeting lasted far beyond the length of the usual public hearing and it was apparent that the arguments against the bill had been convincing with a majority of the committee members. This was borne out when after the executive meeting of the committee that same night it was announced that the committee had voted an unfavorable report on House Bill No. 633.

Accordingly, on the following day the chairman of the Judiciary No. 2 Committee reported to the House that the committee recommended that House Bill No. 633 do not pass. It was supposed that this effectively disposed of the bill for this session, as the day of adjournment for the Legislature is not far distant and there is an enormous amount of business yet to be transacted, including some major legislation around which the greater interest of the legislators is centering.

But two days later Representative Thompson, of Goweta County, a member of Judiciary No. 2 Committee and the chairman of the sub-committee appointed to study and report on House Bill No. 633, moved for unanimous consent to recommit the bill to Judiciary No. 2 Committee. The motion was made shortly before adjournment for the day when a great many of the members were absent preparing for a week-end journey of the Legislature to Savannah to inspect the port facilities there. Without a great deal of interest in the bill on the part of those present and without any special knowledge of what it was all about on the part of most of them, the motion carried and the bill was ordered recommitted.

Accordingly, the bill was sent back to the Judiciary Committee and at first it appeared that it would not again come up for consideration. The impression which had been made on the members of the committee by the appeals of the representatives of the public, and by other friends of the existing law were very impressive. But the interests behind the repeal of the 3½ per cent. rate, although apparently realizing that they were finally to be defeated, used every effort to obtain a favorable report on the bill. In this they were successful after a long and argumentative session of the Judiciary Committee on the night of August 3rd. The bill was reported favorably and is now on the calendar for consideration by the House of Representatives.

There is an extremely small likelihood that the measure will reach the House for a vote this session. It is practically at the bottom of an overcrowded legislative calendar and on this calendar there remains for consideration some legislation of state-wide importance upon which public attention is centered. The only manner in which the bill could possibly be brought into the House for debate and a vote would be to advance it on the calendar and in order to do this, it would be necessary to first obtain the consent of the legislators. Considering the attitude of representatives in the House toward the bill and the state of public opinion in regard to other legislation which now has their attention, it is not believed that this course can be followed. Should the bill pass in the House of Representatives, it must then go to the Senate where the representatives of the public welfare organizations are informed on the highest authority that it will undoubtedly be killed.

The genesis of this measure and its hardihood is of course the result of an underground campaign by well-financed influences who see in the manipulation of this legislation a chance for gain.

The fight for the repeal of the 3½ per cent. rate cannot be successful at this session of the Legislature. The major effect of the consideration of the bill can only be to lay the foundation for a further attack on it at the next session. Public sentiment in the state thoroughly favors the retention of the present law. Should the bill by any chance progress to the point where it is considered on the floor of the House, the members of the House and the general public will not lack information regarding the exact influence behind the effort at repeal and the real purposes for their activity.

Retention of the present law with the 3½ per cent. scientific rate has been urged in the resolutions adopted by the Y. M. C. A., the Kiwanis Club and the Baptists Preachers' Association of Atlanta. Other organizations are prepared to endorse the existing law and to actively campaign for its maintenance in the event that the attack on it is brought to the floor of the House. In the upper branch of the Legislature there is an almost unified general sentiment against any attack on the present law. And very powerful influences actuated by a desire to retain unimpaired the social effect of this law are prepared to use every legitimate and ethical means to prevent its nullification by an amendment that would reduce the rate to a point where the conduct of organized and regulated loans organizations would be made impossible.

MARYLAND.

"Baltimore," the monthly publication of the Merchants and Manufacturers Association, in its August issue under the caption of "Industrial Lenders Association Has Killed the 'Loan Shark' So That It Will Never Rise Again in Maryland," gives a complete account of the Annual Meeting of the Maryland Association held June 6 at the Emerson Hotel. As we covered this meeting fully in our July issue, it will not be again repeated. It must be a source of great satisfaction to those who had any part in arranging this annual meeting which turned out to be a great success, when it is noted that the leading business-men's organization of Baltimore pays such a high compliment to this occasion in its official organ.

WAYS TO LOCATE A SKIP.

In with this issue, we are sending to each member of the national body, a copy of the booklet, "Ways to Locate a Skip." This booklet was prepared by men who have had long experience in the industrial loan business and includes perhaps every conceivable means by which skips may be located. The booklet will be sent to any non-member on receipt of 10 cents in postage.

PENNSYLVANIA.

In an opinion dated July 13, 1922, to G. H. Orth, chief, Bureau of Private Banks, Department of Banking, Harrisburg, Pa., Colonel Fred Taylor Pusey, Deputy Attorney General, draws some very important conclusions with respect to the privileges of licensees under the Small Loan Act, as well as those who are authorized to engage in the investment business under the Act of May 5, 1921. Colonel Pusey says:

"In reply to your communication of June 16th referring to the practices and methods of doing business indulged in by several so-called "Loan Companies" incorporated under the provisions of the Act of June 17, 1915, P. L. 1012, as amended by the Act of June 4, 1919, P. L. 375, operating under the supervision of your department, I beg to advise you seriatim as follows:

"First. (a) As to the.......Company of.........,—I am of the opinion that the method adopted by this Company in making loans in connection with the issuance by the Company of so-called 'Class C. Investment Certificates' is not within the authorization of the provisions of the Small-Loans Act of June 17, 1915, as amended by the Act of June 4, 1919, above referred to.

"On reading the collateral note submitted, and which appears to be used in connection with Class C Certificates, it is apparent that the payments made on the certificate may or may not be used for the payment of the loan. The Company may demand additional collateral and a note may be paid from that collateral and not from the Class C Certificate, or the note may be paid independently of the collateral.

"The note provides that:

> 'It is understood and agreed, however, that the Company shall not be compelled to resort first to the collateral hypothecated for the security of the obligation, but may at its election require such obligation to be paid by any maker or makers hereof * * * * * * * * * and upon the payment of this obligation by the said maker or any of them, *this note, together with the collateral aforesaid shall be transferred to said makers without recourse against the Company.*'

"The possibility of the note being paid otherwise than through the maturity of the certificate and the certificate thus remaining as a certificate in the hands of the depositor after the payment of the note brings the certificate within the law relating to 'deposits.' It can never be known in any case whether the payments under the certificate will or will not be applied to the loan, and as they may turn out to be nothing more than 'deposits,' they must be treated as such, and therefore, such contracts come rather within the provisions of the Act of May 5, 1921, P. L. 374, pertaining to the business of investments by payments of instalments for accumulation,—and are not governed solely by the 'Small-Loans' Act above referred to.

"(b) Section 2 of the 'Small-Loans' Act of 1915, provides: —

> 'Any person, persons, copartnership, association or corporation who shall obtain a license in accordance with the provisions of Section one of this act, shall be entitled to loan money in sums of three hundred ($300) dollars or less, either with or without security to individuals pressed by lack of funds to meet immediate necessities, at his, their, or its place of business, for which said license is issued, and to charge the borrowers thereof, for its use or loan, interest at a rate not to exceed three and one-half (3½) per centum per month.'

"The so-called 'C' certificates according to your analysis do not exact interest at a rate to exceed three and one-half (3½) per centum per month, even though it may seem to the borrower, without considerable knowledge of mathematics, that the interest rate he is paying is less than the rate he actually pays.

"(c) It would appear, however, that the 'fine' or 'charge' of ten per centum for default in prompt payment of the instalments required by the certificate is in direct contravention of the provisions of Section 2 of the Act, which further provides as follows:

> 'No fees, fines or other charges, either in addition to or as a part of the above specified interest, shall ever be charged or collected under any pretext whatsoever.'

"The certificate above referred to stipulates that:

> 'In the event that the weekly instalments are not paid promptly each week on the day above named five cents will be charged for default in the payment of each instalment as said instalment originally becomes due upon each Fifty Dollars ($50) or part thereof represented by this Certificate, as stipulated compensation to the Company for services performed and expenses incurred at the request of the registered owner hereof by reason of some default.'

"While the total interest rate including the fine or charge or fee above specified may not in the aggregate exceed the rate of three and one-half (3½) per centum per month, the Act specifically declares and enjoins that no such 'fines, fees or other charges, either in addition to, *or as a part of the above specified interest* shall be charged or collected *under any pretext whatsoever.*' In other words, the Statute permits the Loan Company to exact an interest rate which is definitely fixed and distinct and which must not exceed three and one-half (3½) per centum per month, and this charge is intended to include all other fees, charges or fines in connection therewith. The Legislature evidently regarded the practice of adding other items of charge, in addition to the specified interest charges, under one pretext or another, as a scheme which would lead to abuse, overreaching or imposition upon needy borrowers for whose protection and interest the Act of Assembly was enacted.

"(d) Your statement that reports of examinations of this Company by your Department show that in many instances interest in excess of the legal limit of three and one-half (3½) per centum a month, particularly when loans are paid off in a shorter period than called for by the contract,—indicates a direct violation of the Act of Assembly and should not be permitted by your department. The specific cases of such overcharges where interest collected has amounted to as high as three hundred and forty-one (341) per centum a year, are illustrations of illegal and unconscionable practices which should not be tolerated, and in my opinion would justify the institution of Quo Warranto proceedings to oust the Company of its charter privileges, if such practices are knowingly and wilfully persisted in after due notice from your department.

"(e) The 'Class B Investment Certificate' issued by the ....Company, known as a 'full-paid certificate' bearing five per cent. interest, I understand is issued upon the completion of the payment of regular instalments used in a plan of accumulation for investment and is not issued for the purpose contemplated by the Small-Loans Act of 1915, as amended by the Act of 1919, supra, of making loans 'to individuals pressed by lack of funds to meet immediate necessities.' The issuance of such certificates, therefore, in my opinion, is not within the scope of authority extended to the.........Company under its charter and license as a Company engaged in the business of making small loans, under the provisions of the Act of 1915, as amended by the Act of 1919, supra, but such certificates are rather certificates of investment or deposit authorized under the provisions of the Act approved May 5, 1921, P. L. 374, providing for the licensing and regulation of companies engaged in the business of receiving payments accumulated for investment, which in Section 2 thereof provides as follows:

> 'After the first day of October, one thousand nine hundred and twenty-one, no corporation or person, shall, whether or not operating under a declaration of trust, or other agreement engage or continue, either directly or indirectly, in the business, within this Commonwealth, of receiving single payments, regular instalment payments, or contributions to be held or used in any plan of accumulation or investment, or of issuing, negotiating, offering for sale or selling any contract on the partial payment plan, or of assuming fixed obligations, or issuing, in connection therewith, a contract based upon payments being made upon instalments or single payment, under which all or part of the total amount received is to be repaid at some future time, either with or without profit, unless such corporation or person is licensed to transact such business within this Commonwealth by the commissioner in the manner hereinafter provided.'

and the Company so engaging in the business of receiving money for investment under this plan of operation is required to be separately licensed by the Commissioner of Banking, and in other respects to comply with the Act of May 5, 1921, P. L. 374, as aforesaid.

"Second: With respect to the so-called 'Thrift Notes' or 'Thrift Certificates' or by whatever name they may now or hereafter be designated, issued by the ....Corporation, or the......... Corporation, or the.........Company, or the..............Corporation, or the ....Corporation, similar to the certificate of the...........Corporation submitted to me with your communication of June 16th, which you state is sold on the instalment basis calling for regular instalment payments at stated intervals, used in a plan of accumulation until the principal amount of the certificate has been reached,—I am of the opinion that these so-called notes or certificates sold or issued in the manner aforesaid, merely for the purpose of investment by accumulation and not for the specific purpose of making loans thereon, are not within the provisions of the Small-Loans Act of 1915, as amended by the Act of 1919, supra, but are subject to the regulations and provisions of the investment business act of May 5, 1921, supra.

"Third: As to the so-called 'Premium Certificate' issued by the '........... Companies of Chester and Pottsville' where a small loan is made and repaid by instalments, with no permanent investment feature in connection with the payments received and the issuance of the certificate,—my opinion is that this method is not within the provisions of the Small-Loans Act of 1915, as amended by the Act of 1919, supra, if the said certificates are similar to the so-called 'Class C Certificates' of the........... Company. If the Small-Loan feature is or may be eliminated and the instalment payments on the certificate used merely for the purpose of an accumulation for investment in the hands of the Company or association, then the business so conducted comes under the provisions of the investment business act of May 5, 1921, supra, and should be licensed and supervised accordingly.

"Fourth: The so-called '........... Savings Bonds' of the.........Society, which are issued as five per cent. (5%) coupon bonds and may be purchased outright or on the instalment plan of accumulation for investment, are in my opinion clearly within the provisions of the Act of May 5, 1921, supra, and should be licensed and supervised accordingly.

"Fifth: With regard to the opinion of Honorable Bernard J. Myers, Deputy Attorney General, to your Department, in his letter of June 19, 1921, holding that the..............Company ,incorporated and licensed under the Small-Loans Act of 1915, as amended by the Act of 1919, may not under its charter and license issue so-called 'Thrift Certificates' which are mere evidences of deposit with the Company for investment, and not in connection with any small loan,—I beg to advise you that I concur in the opinion of Mr. Myers and in this connection I would state that it makes no material difference whether the contract so delivered is called a 'Thrift Certificate' or 'Note' or 'Bond,' or any other similar name or designation, if its effect and purpose is to engage in a savings deposit or investment business, and not primarily the granting of small loans to needy borrowers, it does not come within the authorization of the Small-Loans Act of 1915, as amended by the Act of 1919, supra, and such practices are, therefore, illegal and void.

"Since Mr. Myers' opinion the Investment Business Act of 1921, supra, has been enacted authorizing the incorporation and licensing of instalment investment companies, so that companies duly chartered and licensed for the purposes therein authorized, may now issue these investment certificates, notes or bonds in the manner authorized, but not otherwise."

MASSACHUSETTS.

Among the many interesting subjects included in the Annual Report of the Supervisor of Loan Agencies for the year ending December 31, 1921, we quote the following:

"There was introduced into the Legislature a bill to amend the Small-Loans Law.

"The bill provided for three amendments; an increase in the rate of interest for small loans from 3 to 3½ per cent.; that the borrower, in case of chattel mortgages, should pay the recording fee; that an assignment of wages need not necessarily be accepted by an employer, but that the delivery of a copy of the assignment, or order, should meet the legal requirements.

"These changes were suggested for the following reasons:

"In 1908 the loan shark evil throughout the country had grown to such proportions, and had become such a notorious evil, that the Russell Sage Foundation of New York decided to make a general investigation to ascertain how that evil could be lessened and the loan shark business brought under proper control. It recognized, as its reports show, that there was a vast amount of necessitous borrowing, and that there was vital need for the making of small loans. The first thought of the Foundation was, what rate of interest could be established to attract capital which would conduct the business along legitimate lines.

"The Foundation's representatives in the investigation started with the thought that 2 per cent. per month would be sufficient. As the investigation proceeded the rate rose to 2½ per cent., and in 1916 they had reached the conclusion that 3 per cent. per month was proper. Arthur H. Ham, representing the Foundation, came before our Legislature in 1916, and presented his belief that 3 per cent. per month was sufficient, but the Foundation had not finished its investigation. A year later it decided that the proper rate was 3½ per cent., and it declared that to be the "scientific rate," based upon what it termed a scientific investigation of the subject-matter.

"Prior to 1920 the rate for recording chattel mortgages was 75 cents. In some instances one record is made, in others two in accordance with the legal provisions. In 1920 the Legislature authorized town and city clerks to raise the rate of recording from 75 cents to $2, which placed such an extra expense upon the licensed money lenders that they absolutely refused to make the small loans which they had been accustomed to make. For instance, a necessitous borrower desired to borrow $50.00. The interest on that per month under the existing rate would be $1.50, the expense of recording it once would be $2; if it were necessary to record it twice, the expense would be $4; therefore, in either event it would be a losing proposition.

"If a borrower desired $100 for a month, the interest would be $3, and if the mortgage had to be recorded once, it would take two-thirds of the interest to meet the requirement; therefore, the lender was reducing his rate to 1 per cent. per month. If it were a case where the mortgage had to be recorded twice, the loan would not be made as it would be a losing venture.

"The only way under the circumstances by which a really needy applicant could be accommodated by the licensed money lender would be to have the applicant borrow a larger amount than he really needed, or to have a smaller amount extend over several months instead of one, in order that the lender might be reimbursed for the extra expense thus created. It is obvious that this worked a hardship upon the borrower, and it was thought better for his interest, and for all concerned, that he, as in the case of other classes of mortgage, pay the cost of recording, and that expense could thus be taken care of and he not be deprived of an opportunity to effect a loan.

"In the making of assignment of wages it is now necessary that the assignment be accepted in writing by the employer. There are many large concerns which have an inflexible rule that no assignments will be accepted; therefore, all their employees are debarred from making an assignment of wages for a necessitous loan however urgent a case may be. The bill provided that the mere notification to an employer, instead of the assignment being accepted in writing, would be sufficient. Many small concerns whose employees have been borrowers have not objected giving their consent in writing, but the attitude of the large concerns prevented their employees from borrowing from a licensed money lender to meet necessitous demands which might be created through sickness, accident, or other causes.

"The Committee on Legal Affairs, before which the bill was heard, reported 'leave to withdraw.'"

Reference is also made to the organization of the Massachusetts Association in these words:

"In the summer of 1921, as the result of careful consideration of the advisability of so doing, there was formed the Massachusetts Industrial Licensed Lenders Association. The announced principal objects of the association are to approve the small loans business; to advocate legislation, having the approval of this association, uniform in character and providing for State license and bond, a supervision and examination by State officials; to assist in the education of the public to the service rendered by its members; to obey the uniform loan laws and police the business; to regulate public advertisements and circulars so that they shall be truthful and straightforward; to establish uniformity in forms, books, and accounts satisfactory to the licensing officials; to maintain good relations with all State officials and their examiners, and deal with them frankly in a spirit of co-operation; to assist and co-operate with all members of this association and affiliated State associations in respect to accurate credit information, and assist in the collection of accounts, dealing with them always in a spirit of fraternity and helpfulness.

"At the meeting when the organization was effected there were represented twenty-five industrial loan agencies of the State. Preceding the business meeting and following the banquet, those present were addressed by the supervisor of Loan Agencies, H. G. DeWeese, field secretary of the American Industrial Licensed Lenders Association, William E. Pool of this city, and Edgar P. East of New York. At the business session an executive committee was elected as follows: W. E. Pool, Boston, chairman; Daniel J. Wholey, Lowell, vice-chairman; H. J. Desormaux, New Bedford, secretary; George A. Ingalls, Boston, treasurer; Michael R. Connelly, Lynn; Warren J. Baldwin, Boston, and Edgar P. East, New York. At a meeting of the directors held December 15, 1921, the following resolution was passed by way of preparation for another effort to have enacted in this Commonwealth a 3½ per cent. law as advocated in the Uniform Loan Law, the sponsor of which is the Russell Sage Foundation:

"Whereas, The Massachusetts Industrial Lenders Association feels that it is desirable to have introduced at the 1922 session of the Massachusetts Legislature an amendment to the present Small-Loan Law in order to make it more consistent with the Uniform Small-Loan Laws now in operation in a number of states; Therefore be it

"*Resolved,* That a committee, consisting of W. E. Pool, E. P. East and H. J. Desormaux be appointed to confer with representatives of the Russell Sage Foundation and the officials of the American Industrial Lenders Association, and solicit their assistance and support of the proposed amendment; be it further

"*Resolved,* That the (above-named committee be and is hereby authorized and empowered to act for the Massachusetts Association in connection with the amendment and take the necessary steps to further its passage; be it further

"*Resolved,* That as January 10th is the last day on which bills may be introduced in the Massachusetts General Assembly, that the secretary of the Massachusetts Association is hereby directed to immediately address letters containing copies of the above resolutions to the acting director of the Division of Remedial Loans of the Russell Sage Foundation, and to the general secretary of the American Industrial Lenders Association."

Members who are not on the mailing list should write the Supervisor of Loan Agencies, Department of Banking and Insurance, Room 102, State House, Boston, Mass., for copy of this report for their edification.

ILLINOIS.

The Fifth Annual Meeting of the Illinois Association Was Held July 28, 1922, at the Morrison Hotel, Chicago.

Chairman Snite called the meeting to order at 3:15 P. M.

Twelve members were present when the meeting was called to order; eighteen just before adjournment and 20 after close of meeting. Mr. Heywood and Mr. Rose apparently using double daylight saving time.

REPORT OF REGULAR COMMITTEES.

Treasurer J. D. Lynch reported $1,134.77 in the Treasury with all bills presented to date paid.

For the Nominating Committee, Chairman Snite offered the following slate:

W. P. Woll—Chairman
F. Tyson, 1st Vice Chairman
L. C. Harbison—2nd Vice Chairman.
L. T. Baker, Secretary
J. D. Lynch, Treasurer.

EXECUTIVE COMMITTEE.

Albert P. Snite
Arthur Weinschenk
Chas. Turgrimson
John Breen

The Nominating Committee stipulated that Mr. Harbison be authorized to represent our Association at all National Council meetings.

On motion of Mr. Weinschenk and duly seconded the nominations were closed, one ballot was cast and the nominees were elected unanimously.

Mr. Woll arose and in his usual, impressive manner stated that while he felt honored, it was his duty to decline the nomination, on account of so much of his time being devoted to National Association affairs and legislative matters in connection with his own organization, which takes him out of town for extended periods and that he may be out of the city during one of our Association meetings. Mr. Woll was unable to change the minds of the members and gracefully accepted.

Our newly-elected president was escorted to the chair amid much applause. Mr. Woll thanked the members for the honor bestowed upon him and pledged his best efforts to guide the Association craft through calms and storms to a harbor of safety and in order to do this successfully, urged the coöperation of all the members.

At this time, a press representative called for an interview. Mr. Woll was in the midst of his speech and assigned Mr. Henderson to the matter. He returned and requested a photo of the president that he might give to the newspaper man.

After this interruption, Mr. Woll continued and strongly urged a big attendance at the National Convention from Illinois and suggested that as many as possible from Illinois make the trip together and get acquainted. Each member present was asked whether or not he would attend; 12 out of the 18 present answered in the affirmative—3 uncertain and the remaining 3 in the negative. This is an indication of a good representation from Illinois.

Mr. Woll then hinted of something big in connection with the Industrial Loan Business, now taking place, but of which he was not at liberty to explain at this time. He made it emphatic that this something is the biggest thing yet and means much to the business, both large and small interests. He further stated that there is a possibility of the detail of this stupendous undertaking being discussed at the National Convention.

Mr. Henderson suggested and discussed at some length that the title of Chairman be changed to President. He related that this had been done in Indiana at their last association meeting and that many good reasons in favor of the change were presented. Mr. Weinschenk also expressed himself in favor of President and explained that Chairman is the usual title for heads of committees.

It was then moved and seconded that the Association Secretary be authorized to notify all members that at our next regular quarterly meeting, the matter of changing the constitution and by-laws so as to enable the presiding officer's title to be changed from Chairman to that of President and making the title applicable also to the Vice-Chairman, would be considered and voted upon for final disposition.

Mr. Turgrimson moved and it was unanimously approved that a letter of appreciation be drafted by the secretary and presented to our esteemed ex-Chairman, Mr. Albert P. Snite, expressing the appreciation of the Illinois Industrial Lenders Association for his two years of tireless effort in guiding the Association to its present high standard and for the many personal kindnesses extended to the Association and its members.

We had the pleasure of meeting Mr. Carlo Liggett, of Cleveland, Ohio, Western Representative of the Beneficial Loan Societies.

The meeting was adjourned at 4:15 P. M.

Edward Steimle,
Acting Secretary.

CLIPPINGS.

In the June number of *The Nation's Business* we ran an article on "Sizing Up the Borrower" by Albert N. Hogg. Glenwood Macomber of Minneapolis, Minn., read it and, taking his pen in hand, gave us a report of his own experiences with a banker which does not agree with the Hogg article to any appreciable degree. Mr. Macomber says:

The gods of finance surely must have been dumbfounded when the gentleman spoken of in a recent article in *The Nation's Business* sauntered in and calmly demanded a loan of $200,000; but the ease with which he ran their guard lines and slipped away with the money is what amazes me. They must have let him in with just merely a password and a receipt showing his dues were paid. The next gentleman, as the article stated, only wanted $100,000 and they gave him first degree just to assure themselves that he was legally qualified to handle that small an amount. The third gentleman, only wanting a mere $5,000, was put through two degrees before being handed the roll of bills and told that lodge was over.

Those boys got off with exceeding ease. I just wish—as one might say—you could have seen them put on third degree one beautiful day when I brazenly, brashly and utterly without shame, walked in among the gods sitting in judgment among mountains of money and with unsurpassed coolness of nerve asked for a loan of two hundred dollars.

The president of the largest bank in town—resources sixty-four millions; or is it sixty-four billions?—I forget—anyhow, the president stepped nimbly down from the pile of gold that served him in lieu of a throne and greeted me with all the enthusiasm with which the morning sunshine greets the rose, for, as I was duly bedecked, unctuously anointed with Havana Perfecto and was wearing a new forty-watt necktie, he did not know—what he did not know was this: that I *might* own the rest of the world that he did not own.

I told him I wanted to borrow two hundred dollars. I had some difficulty in making him understand what it was I wanted. He had never heard of such a small amount. Finally it dawned upon the lonely watcher in the mountains of gold that what I wanted was dollars and not millions. Then the clouds began to gather.

Lightning flashes of doubt and suspicion seemed to play about the towering peak of Old Baldy. The frigid line of eternal snow, spreading quickly from point to point, overspread his countenance with the fierce severity of an Arctic winter. Not for long, though, did the ice age last for, after all, business is business, and as the Venerable Mountaineer of the mountains of money rose from the pile of gold he was sitting on to light a match on the non-skid part of his trousers, he had an idea. Then from out through the blue smoke ring of a dollar seegar Old Guardian's voice was asking me if I could give security. Sure. Security was the watchword, I was told, that would pass one through the portals into the bulging money vault and that with the proper security one could obtain accommodation for one's needs no matter how small the amount.

I went forth treading on eggshells as one transfigured, for had I not walked among the gods of finance and come out unscatched? I was vibrant with joy for I knew what I always did know—that if I only had a couple of millionaires to sign my note for ninety days I could walk into any bank in town and they would shovel my wagon full to overflowing with all the money I could haul away!—*The Nation's Business. August, 1922.*

DATES EARLIEST FORM OF LOAN.

Two thousand and more years ago there were creditors and debtors just as there are to-day. Originally the loans were not of money but of actual commodities.

The earliest loan safeguarded, according to modern investment standards and of which we have any record, was made in 430 B. C. It consisted of 30 bushels of dates secured by the land of the debtors. The clay brick on which it was recorded was dug up in the ruins of Nippur, Mesopotamia, by an archæological expedition of the University of Pennsylvania.

Translated, the inscription on the brick reads as follows:

"Thirty bushels of dates are due to Bel Nadin Shun, son of Marashu, by Bel Bullitsu and Sha Nabu Shu, sons of Kirebti, and their tenants. In the month of Tashri (month of harvest) of the thirty-fourth year of King Artaxerxes I, they shall pay the dates, 30 bushels, according to the measure of Bel Nadin Shun, in the town of Bit Balatsu. Their field, cultivated and uncultivated, their fief estate, is held as a pledge for the dates, namely, 30 bushels, by Bel Nadin Shun. Another creditor shall not have power over it."

Note how carefully the loan is recorded and how the time and place of payment are named. The creditor is, in fact, given a first mortgage on the land of his debtors, for the document declares "another creditor shall not have power over it (the land)."

The brick was found with 730 similar clay tablets in the remains of a room that had once been part of the business establishment of a wealthy firm that would have, according to the parlance of to-day, been known as Marashu Sons, Nippur, Mesopotamia.

The fact that the first loan of this kind was of dates testifies to the antiquity of dates as a food and to their lasting popularity through the centuries. —*Baltimore Sun, July 30, 1922.*

COMMUNICATIONS.

New Bedford, Mass., June 29, 1922.

Dear Mr. Kehr:

At our last meeting it was voted to forward a check for $310 to Mr. C. G. Mueller, which is the amount due from this association as an assessment from each member, to help defray expenses for the coming National Convention. The amount should have been $320, but we find that the Beneficial Loan Society of Boston, forwarded their check direct.

Regarding the matter of dues in the

American Association, at our last meeting we voted to go on record as favoring a rate of $0.75 per thousand outstanding with no minimum nor maximum and I have been instructed to notify you of these two matters.

Cordially yours,
H. J. DESORMAUX,
Secretary.

LOUISIANA.

Representative Barrett of New Orleans introduced in June 1922 into the House as an emergency measure under a suspension of the rules, the Uniform Small-Loan Act (H. B. 424). The bill was actively supported by Mr. C. H. Patterson, secretary of the Charity Organization Society in New Orleans, secretary of the Legal Aid Society there, and a member of the State Board of Charities and Corrections, in a personal letter to Senator Fred A. Earhart, he urged the introduction of this bill as one in which Charity Organizations are deeply interested.

Mr. Patterson is authority for the statement that some loan sharks in New Orleans are charging as much as five and six hundred per cent. a year.

Mr. Frank E. Wood, Commissioner of Labor of Louisiana, wrote in support of the bill:

> "I sincerely believe that if it were possible to lay before the individual members of the law-making bodies of this state some of the many complaints that come to my attention, the outrageous rates of interest often charged, the abominable practices resorted to, the rank injustice exacted of the borrowers, the price they pay in persecution, and the sufferings endured and the privations made by the wives and innocent children of men unfortunate enough to get tangled in the meshes of the average 'loan shark' *there would not be a single dissenting vote to eliminate this despicable and trouble-making business.*"

GEORGIA.

The Luncheon of the Industrial Lender's Association of Georgia was held Wednesday evening, August 9th, at the Ansley Hotel, Atlanta, Georgia. There was a good representation of members present, including all of the officers, Chairman A. B. Madison, Vice Chairman J. B. Otey, and Secretary and Treasurer B. L. Lassiter.

The principal guest of the evening was Dr. Joseph J. Genthner, of New York, field director of the Legal Reform Bureau, who was in Atlanta in the interest of preserving the present small-loan law, now effective in Georgia, namely 3½ per cent. interest. A bill pending in the Georgia Legislature sought to amend by making the rate 2½ per cent. a month. At the invitation of the Association, Dr. Genthner spoke on the practical working of the uniform small-loan law and upon the effort to nullify its intent through the legislation now pending.

The Association by unanimous vote passed resolutions of appreciation and indorsement of the work of the Legal Reform Bureau in general.

Mr. Madison presided as toastmaster and in introducing Dr. Genthner explained the purpose of his visit to Atlanta. He said that, as it is always well to "see ourselves as others see us," he believed that what Dr. Genthner would have to say about the business of industrial loans and about industrial lenders should prove of great interest to the members of the Association.

Dr. Genthner at the outset sketched the history of remedial loan legislation, the long study that had been made by economists, bankers and sociologists before the uniform small-loan law was drafted, the educational campaign that had preceded its adoption by some twenty states of the union, and the beneficial results that had flowed from the enactment of the law in the states where it is now operative. These results, he declared, were not alone to the borrower, although it was the borrower that it was sought in the first instance to benefit. The law, he declared, had been not less a boon to the lender himself, since it gave him the protection and sanction of law, had removed in large part and would eventually do away with altogether the prejudice existing in the public mind against a business as legitimate and respectable as any other department of banking, and had given the industrial lender a status of which he should be proud of since he filled a legitimate and pressing need in the way of social service.

"I am in Georgia to-day," said Dr. Genthner referring to the bill pending in the Legislature, "because the passage of House Bill No. 633, which would repeal the vital clause of the small-loan law now on the statute books for two years, threatens to undo the good work under which the industrial borrower has enabled to obtain on fair and equitable terms the credit which is not available to him as to his more fortunate neighbor to whom ordinary banking facilities are available."

He represented no groups either of borrowers or lenders, he said, but acted through the Legal Reform Bureau for the great mass of industrial workers in whose interest the uniform small-loan law had been drafted by public-spirited men and made effective in 20 states of the Union. This law, he declared, had been demonstrated to be the sole effective means of putting the small-loan business on a higher plane.

At the close of Dr. Genthner's address Mr. Madison called on members for remarks and discussions of the address. It was the consensus that the speaker had very fairly stated the case of the industrial lender, his status, problems and his future, although one speaker declared that he believed Dr. Genther in putting the period of the ultimate development of the business as far ahead as ten years had been too conservative. This speaker believed that at the present rate of growth and with a progressive trend in legislation, the next five years would see a development of the business that would be nation-wide and such as to cause its pioneers to wonder how they could ever have had doubts as to the future.

Dr. Genthner invited questions as to the status of the legislation then pending in the Georgia Legislature and in answer described the origin and progress of the bill to amend the present law. He suggested as a means to overcome prejudice and impress on the public mind the special risks attending the small-loan business and making the 3½ per cent. rate imperative for its success, that the Association members make the Legal Reform Bureau offices a clearing house for instances where, because of humane consideration, unpaid balances on loans had been written off voluntarily by the Lender.

He gave several instances in his own knowledge where a sudden, swift calamity or misfortune had befallen a borrower and which on becoming known to the lender had caused him voluntarily to write off the balance of the loan and interest due. He invited the members to cite instances such as those he mentioned that came within their own knowledge, as he stated that necessarily they could not with good grace give them publicity, but that it could be done by a disinterested agency and would serve the purpose of informing the public of the extraordinary risks in the industrial lending business and at the same time would demonstrate that the men engaged in it were influenced by humane considerations.

The members present at the meeting were: A. B. Madison, Surety Loan Company, Atlanta; Henry Sharp, City Investment Company, Atlanta; L. E. Pope, Southern Superintendent of the Beneficial Loan Society, Richmond, Va.; Walter L. Adair, Fulton Loan and Discount Company, Atlanta; J. M. Marion, Citizens' Loan Company, Atlanta; R. L. Montague, Beneficial Loan Society, Macon, Ga.; and B. L. Lassiter, Southern Security Company, Atlanta, Georgia. R. F. Davis, Securities Investment Company, and J. B. Otey, Beneficial Loan Society, all of Atlanta.

HENRY F. WOODS.

ME TO MYSELF

L. V. BUSCHE, *Canton, Ohio.*

Tuesday Evening, Aug. 8th, 1922.

Start!! Start that paper you promised to write or you never will get anywhere. You've lost over a week now and next week's the time, for Heaven's sake start *something!* and say, don't waste time telling them you can't speak. They'll discover that, all right, don't overwork yourself trying to be funny, don't lecture or scold or try to teach, don't assume they were never introduced to a worthy motive or high ideal until you came along the pike, just give the boys credit for having an ounce or so of gray matter, a bit of warm blood in their veins and an uncanny capacity for telling the difference in short order between real stuff and bunk. Now go ahead! So here goes—

Mr. Chairman and Gentlemen of the O. L. A.:

In answer to Tom's request to write and read a paper on "Our Managers' Meeting," how it is to be appreciated, its purpose, benefits and pleasures, I had to confess that I had used hours and hours writing parody songs but never in my life had written an "essay."

I am not so sure I can confine myself strictly to the subjects given me, I only know that there are many things I want to say and wish not to take all credit for quotations repeated and ask for your kind indulgence for a short while and if you'll do but this I will do my "durndest" to make good—

"Our Managers' Meeting."

This will be the fourth time I've met with the O. L. A. and last September I was fortunate enough to be at the National Meeting at Chicago. There is undoubtedly a vast difference between a state and a national meeting. Our State Meetings seem more like *home* to me, seems more like meeting with my own people, my home people. At Chicago I found the owners, governors, organizers, auditors directors and officers of loan companies from all over the United States it seemed and what a wonderful class of men they were. Big in Business, Big in Capital, Big in Success and Finance, yet humble and broad in their manner and making a desperate effort to make greater progress in the building up of the mor*al* of our business. As I recall it there was but one "Manager" on that program besides myself, and Arthur Ham, probably the most renowned man in our line of business in our country to-day, was broad enough to pay a glowing tribute to that young Manager before he started his own talk. A National Meeting is a wonderful place to go and yet were I to choose for myself I would prefer our State Meeting because one gets in closer touch with the real workings and everyday experiences of our business and I feel that the State Meeting, composed mostly of the Managers of the various companies throughout the state should have time allotted to a Managers' Meeting and personally I feel grateful to our Executive Committee for its arrangement. Surely a State Meeting without a Managers' Meeting would be a mistake and right here I wish to say that I'd stake my life that there is not a state in the Union that has a more capable, more loyal, more congenial or more faithful set of men than our Executive Committee and the officers of our O. L. A. All honor to them and to any man called upon by them for assistance, no matter how menial it may be, who does not do his best to help them is worse than a slacker and if that man be a manager he must be a darn poor one indeed—

"I sometimes think that never has the earth
From days so ancient as its time of birth
Seen men, so many men, seeking goodly ends
Striving to make this world of better worth."

The Purpose.

Of our Managers' Meeting surely is to bring about a closer relationship between managers and a place where we can trade experiences and give one to the other the benefits of our experiences but more especially to draw a closer harmony between competing managers.

It is a mistake to suppose that you have to fight your competitor, nothing was ever gained permanently by fighting for fighting of any kind is pure destruction. Your competitor does not have to be your enemy—he can be your friend. Competition does not kill trade, it builds trade, stimulates trade and makes new trade. Hate is always expensive; get acquainted with him. you may learn something. Don't knock your competitor: it sounds bad and it *is* bad. Be a good sport, play the game, give prompter service and be more courteous if you can, but don't fight by cutting rates. Keep good-natured. Anger is without reason. It cares nothing for consequences. It regards no holy ties. It is the beast in full control. In a moment of anger a man does that which an eternity cannot undo. Straight business and good nature win out always in the long run—your competitor will do you a lot of good and he will make you energetic, careful, more attentive to business and altogether will be a good tonic for you, if you know how to use him.

The Managers' Meeting should have a portion allotted to a get-acquainted-with-each-other stunt where friendships can be formed that will carry on and on. A man's greatest assets are his friends: surely, without friends the richest man is poor indeed; do you appreciate the loyalty and value of your friends? Have you ever thanked them for the cheering word and helping hand? Are you as eager in turn to serve them? Settle these things in your mind ere you leave this our Managers' Meeting and if you have not been a good friend, remember this: it is not easy to apologize; to admit error; to be unselfish; to be charitable; to be considerate; to keep on trying; to shoulder a deserved blame—*but it always pays.*

Sing.

"If I knew you and you knew me
If both of us could plainly see
And understand with sight divine
The meaning of this heart of mine
I'm sure that we would differ less
And clasp our hands in friendliness
Our thoughts would pleasantly agree
If I knew you and you knew me."

Benefits.

There is no end to the benefits of a Managers' Meeting, nor space, nor time could tell them all, but I have just a little time to give you some of them.

No two offices are run alike—each manager manages differently and the trading of ideas and systems is one great benefit: a *nom de plume* has written the following which he has named

Systematitis.

Oh, isn't it great to be up-to-date,
And live in this year of grace
With a system and place for everything
Though nobody knows the place.

We've an index card for each thing to do
And for everything under the sun
It takes so long to fill out the cards
We never get anything done.

We've loose leaf ledgers for saving time
The Lord knows what they cost
But half of our time is spent each day
Hunting for leaves that are lost.

I dreamt I lived in a sectional house
And rode a sectional hoss
And drew my pay in sections from
A sectional section boss.

Oh isn't it great to be up-to-date
And live in this year of grace
With a system and place for everything
Though nobody knows the place.

Another benefit is to be derived from the enthusiasm of the other manager in his work—do you feel *driven* in your work? If so, then time is your tyrant; yank him around by the forelock and make him your slave. Yesterday's left over task is a merciless mortgage on today; lift that mortgage, then turn the tables and become a manger who *owns* mortgages—not one who makes them. The devil has his faults but procrastination is not one of them.

It isn't a bit harder to get up at 6:30 than 7 o'clock: once you are up and the pride and joy of entering your office ten minutes before you must, starts the day with a sense of mastery that follows you through it, while the guilt of slinking in five minutes late gives you that "hired" feeling that belittles and unnerves; Strong Will is never late, Flabby Will is often late; Strong Will is working for himself—using the time that God gives him and the tools supplied by the boss—Flabby Will knows not the value of time and life is one long weary wait for pay day.

"How long has Flabby Will worked for you? About four hours—I thought he had been here longer than that? He has: he has *been* here for *four months*—do you get me? Be a "pep-ti-mist:" a pessimist closes an eye, wrinkles his face, draws up the corner of his mouth and says, "it can't be done;" an optimist has a face full of sunshine: he beams on you and says, "It can be done," then lets George do it. But a "pep-ti-mist" takes off his hat, rolls up his sleeves, goes to it and *does* it.

A benefit coming from closer acquaintance gained in a Managers' Meeting is the help we receive in chasing skippers. The following lines will help possibly some manager who is worrying about some. You are not the only one.

"We, too, have skippers;
The dear little souls,
And talk about slickness:
They've got it on moles.
They pass from their homesteads
In darkness of night;
They pass 'neath the roots of
The grass—out of sight
And when in the trap that
We set on their way
We catch them, we learn
They're *dead*, and can't pay.

(*To be continued in our next issue.*)

CREDIT MANAGER.

Large chain organization has openings in New England and Middle Atlantic States, for managers. Permanent connections with good future. Prefer men with retail furniture, clothing, or small loan experience. Give full details including experience, present and previous employers and salary desired. Address C. M., P. O. Box 64, Trinity Station, New York.

SITUATION WANTED.

Loan Man, 32 years of age, 15 years' experience, 10 years of which time successful manager of an office in city of 400 000 persons, desires opening with ambitious organization.

Address S. G. H.,
Industrial Lenders News,
Box 778. Harrisburg, Pa.

UNIVERSITY OF ILLINOIS
SEP 14 1922

LAST CALL FOR THE NATIONAL CONVENTION

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. VII. No. 3. SEPTEMBER, 1921. Price, $1.00 a Year.

NOW OR NEVER

If the printers who do the mechanical work on this job do not fail, most every industrial lender of any consequence in the U. S. A. will receive this paper in time to make an important decision if it has not been made before. If your mind was made up months ago to stay at home and all the appeals which have preceded this one have had no effect upon you then read what follows. Since the time of our last annual national convention in Chicago about a year ago, when Edgar P. East by his famous speech captured the eighth annual convention for New York, the committees of which Mr. East has been the general chairman, have been busy planning for this big event.

You may not be interested in the time and money they have spent in the preparation of a program so filled with educational and entertaining features. You may have forgotten that five months ago Mr. East issued the first call and plead for your attendance, and in each issue of the NEWS since there has been some convention news, all for the purpose of advising you that if you are not among those present you will be missing something worth many more times than the expense. The A. I. L. A. is fast assuming the position in the industrial loan field which the American Bankers' Association occupies among the commercial bankers. To be outside the fold and take no part in its activities is very much like the man without a country.

To hear the reports of the committees which have labored for the cause of industrial banking in a national way is to learn of the progress and strength of the movement "to improve industrial loan conditions."

To hear and meet the men who have been assigned and will discuss important phases of our business is a privilege not to be declined. Nowhere can you see more interesting sights or find a greater variety of entertainment.

We are going to try to settle for all time the question of dues, eligibility of membership, etc., so that there can be no question about these matters in the future.

O. L. A. RESOLUTIONS.

Questions of future policy will be decided in the disposition of the resolutions recently adopted by the Ohio Loan Association which are published here for the information of everybody:

"That the Executive Committee be authorized to select five delegates to attend the annual meeting of the National Association to be held in New York, September, and that our Association pay the necessary expenses of said delegates. That the Executive Committee also appoint our full quota of delegates to said convention and that all members be urged to attend.

"That the Executive Committee of the National Association be directed by resolution to hold at least three regular meetings of said committee at such times and places during the year as the chairman may designate, and that thirty days' notice of each of said meetings be given all members of the Association by publication in the LENDERS NEWS or by mail.

"That this Association go on record as favoring the enactment of or amendment to present statutes in the various states authorizing corporations to transact the small loan business; that the National Association be requested to pass a like resolution thereby establishing such legislation as a part of the established legislative policy of said Association.

"That any member of the National Association who may own, conduct or be interested in any concern which charges or receives more than the scientific rate of 3½% per month shall be ineligible to hold office or be a member of the National Executive Committee.

"That a copy of each of the above resolutions be mailed to the Secretary of the National Association with a request that the copies thereof be furnished to the secretaries of all state associations in order that the members of said associations may have previous knowledge of the nature of said resolutions before they are presented for consideration to the National Convention."

TRANSPORTATION.

Just a word to say it is important that everyone who expects to travel to New York by rail to note the following instructions:

How to Start.

A reduction of one and one-half railroad fare on the Certificate Plan will apply for members and their families attending the meeting of the American Industrial Lenders Association to be held in New York City September 20th-23d.

The following directions are submitted for your guidance.

1. Tickets at regular one-way tariff fares for the going journey may be obtained on any of the following dates (but not on any other date) Sept. 16, 17, 18, 19, 20, 21. Be sure that when purchasing going ticket you request a certificate. Do not make the mistake of asking for a receipt.

2. Present yourself at the railroad station for tickets and certificates at least 30 minutes before departure of train on which you will begin your journey.

3. Certificates are not kept at all stations. If you inquire at your home station, you can ascertain whether certificates and through tickets can be obtained to place of meeting. If not obtainable at your home station, the agent will inform you at what station they can be obtained. You can in such case purchase a local ticket to the station which has certificates in stock, where you can purchase a through ticket and at the same time ask for and obtain a certificate to place of meeting.

4. Immediately on your arrival at the convention, present your certificate to the indorsing officer, Geo. W. Kehr, National Secretary, as the reduced fares for the return journey will not apply unless you are properly identified as provided for by the certificates.

How to Return.

5. It has been arranged that the special agent of the railroads will be in attendance at the convention on September 21st from 8:30 a. m. to 5:30 p. m., to validate certificates. If you arrive at the meeting and leave for home again prior to the special agent's arrival, or if you arrive at the meeting later than September 21st, after the special agent has left, you cannot have your certificate validated and consequently you will not obtain the benefit of the reduction on the home journey.

6. So as to prevent disappointment, it must be understood that the reduction on the return journey is not guaranteed, but is contingent on an attendance of

Hotel Pennsylvania, New York, September 20 to 23

INDUSTRIAL LENDERS NEWS

Established 1916.

Published monthly by the American Industrial Lenders Association. Edited by the National Secretary. Annual Subscription, $1.00; single copies, 10 cents.

Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1921-1922

Chairman, W. G. Wood, 268 Westminster St., Providence, R. I.
Treasurer, C. H. Stratton, Sullivan, Indiana.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—T. C. O'Brien, 113 Church St., New Haven.
Ga.—A. B. Madison, 103 Central Bldg., Atlanta.
Ill.—L. C. Harbison, 81 E. Madison St., Chicago.
Ind.—W. R. Teel, 602 City Trust Bldg., Indianapolis.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—H. H. Larsen, 404 W. Baltimore St., Baltimore.
Mass.—W. E. Pool, 63 Court St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—T. L. Clifford, Nicholas Bldg., Toledo.
Pa.—A. S. Ezekiel, 301 Denckla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States.—R. M. Rutherford, 175 Fifth Ave., New York.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Finance, W. P. Woll, 337 W. Madison St., Chicago.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, E. P. East, 175 Fifth Ave., New York
Membership, J. H. Dyer, 404 Commerce Bldg., Columbus, Ohio.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—B. L. Lassiter, 215 Atlanta National Bank Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—A. L. Whitmer, Iowa Bldg., Sioux City.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—C. M. Garrett, 312 Law Bldg., Lynchburg.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

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not less than 250 members and members of their familiies holding regularly issued certificates obtained from ticket agents at starting points, from where the regular one-way adult tariff fares to place of meeting are not less than 67 cents on going journey.

Certificates issued to children at half fares will be counted the same as certificates held by adults.

7. If the necessary minimum 250 certificates are presented to the special agent and your certificate is duly validated, you will be entitled up to and including September 27th, to a return ticket via the same route over which you made the going journey at one half of the regular one-way tariff fare from the place of meeting to the point at which your certificate was issued.

8. Return tickets issued at the reduced fare will not be good on any limited train on which such reduced fare transportation is not honored.

9. No refund of fare will be made on account of failure to obtain proper certificate when purchasing going ticket, nor on account of failure to present validated certificate when purchasing return ticket.

All please remember we must have 250 present to obtain the reduced rate, and if anyone does not avail himself of this privilege it may keep the rest who attend from enjoying this reduction in railroad fare.

START EARLY.

Although the railroad strike is not yet settled and may not be before the Convention we anticipate no difficulty in transportation facilities. The Pennsylvania lines are reported to be in particularly good shape to handle all the travel on their road. At any rate, the Convention will not be postponed but will occur on the dates scheduled if we have to use automobiles to get there. To be sure you will arrive in New York on time, we suggest you start early.

WOMEN WANTED.

There would be some very disappointed people if the women did not turn out strong because we have gotten around to the point now where no function is a complete success without them. How they will enjoy the talkfest, the shopping, dancing and sight-seeing features can be best described by the committee of which George Hodson and Mrs. East, Rutherford and Hodson are members.

ATTENDANCE TROPHY.

Last year we inaugurated a plan to increase the attendance at the National Convention and awarded the Illinois Association the silver cup for having the greatest percentage of its members present. This year we asked one of the officers of the Illinois Association to bring the cup to the Convention, and he said he would comply, but that he expected to take it back again to Illinois after the Convention was over. Can you Eastern fellows imagine such nerve? The way to keep the cup in the East this year is to go to New York 100 per cent. strong.

STATE OFFICIALS.

The prospects are that we will have with us representatives of the departments which supervise our business in Massachusettes, Connecticut, New York, New Jersey, Pennsylvania, Maryland, Ohio, and Illinois. Others may be present.

HOTEL RESERVATIONS.

If you decide at the last minute to attend the Convention, we advise you to wire Hotel Pennsylvania direct for reservations.

REGISTER PROMPTLY.

On your arrival at Hotel Pennsylvania be sure to register at headquarters and present your credentials.

The program so far as it is arranged two weeks before the Convention includes:

WEDNESDAY, SEPTEMBER 20—10 A. M.

Call to Order by the National Chairman—Meet Your Neighbor.
W. G. Wood.

Address of Welcome.
Mayor Hylan or some other prominent New York official.

Address of Welcome in Behalf of the Eastern State Association.
Col. Clarence Hodson.

Response and Address by the National Chairman.
W. G. Wood.

Report of the Membership Committee.
J. H. Dyer.

Report of the Committee on Legislation.
C. H. Watts

Report of the Committee on Laws.
F. R. Hubachek.

Report of the Committee on Publicity.
E. P. East.

Report of the Finance Committee.
W. P. Woll.

Report of the Treasurer and Auditing Committee.
C. H. Stratton—H. T. Mattingly.

Report of the Secretary.
G. W. Kehr.

Report of the Special Committees.
10 A. M. to 1 P. M.—Sight-seeing for the Ladies. For information see Geo. Hodson, Headquarters Office.

1 P. M.—Convention Luncheon at the Hotel Pennsylvania, followed by an address by S. B. Lynd, President, Industrial Bank of New York, "Coöperation Between Commercial Banks and Industrial Lenders."

WEDNESDAY, 2:30 P. M.

The Year's Progress and the Uniform Law.
Walter S. Hilborn, Esq., Acting Director, Division of Remedial Loans, Russell Sage Foundation, New York City.

Record Protection.
Dean Babbitt, Atlantic Sales Manager, Safe Cabinet Co., Marietta, Ohio.

General Discussion:
Financing Industrial Loan Offices.
What, if Any, Changes Shall be Made to the Constitution and By-laws?
Has Small Loan Capital in the Larger Cities Reached the Saturation Point?

Evening Open for Everybody to Get Acquainted or Amusements to be Selected.
See George Hodson.

THURSDAY, SEPTEMBER 21, 9 A. M.

A Survey of the Small Loan Business.
Dr. Louis N. Robinson, Swarthmore, Pa.

Credit Unions.
Miss Caro D. Coombs, Russell Sage Foundation, New York City.

The Need of Credit Exchanges.
A. L. Wick, Philadelphia.

The Indianapolis Credit Exchange.
R. F. Hartz, Indianapolis.

Sight-seeing.
Consult Geo. Hodson.

Thursday, 2 P. M.

Elimination of Duplication.
H. H. Smith, Secretary, Retail Merchants' Bureau, Philadelphia Chamber of Commerce.

How to Bring About a Full and Favorable Understanding of our Business by the Public.
M. L. Dobyns, Philadelphia.

Publicity.
F. Eugene Ackerman, New York.

Are Single Signature Loans to Married Persons Advisable?
J. E. Ryan, Detroit.

How to Get Business and How to Keep It.
W. H. Patterson.

General Discussion:
Can Loans of $25 or Less Be Made at a Profit?
What Should the Average Small Loan Be?

7 P. M.—Convention Banquet. Speakers: Dr. John M. Glenn, General Director of the Russell Sage Foundation, and other notables.

Friday, September 22, 9 A. M.

Ways and Means of Educating Public Opinion to the Justification of the Uniform Rate.
A. C. Broughman, Marion, Indiana.
C. R. Napier, Esq., Chicago.

What Are You Doing to Uplift and Dignify the Small Loan Business Every Day?
E. F. Moore, Philadelphia.

General Discussion:
Financing Industrial Workers During the Strike Period.
The Need of Adequate Wage Assignment Laws.

The balance of the morning will be taken up with a general discussion of subjects of interest and importance.

Friday, 2 P. M.

Managers' Meeting.
Increased Office Efficiency on Less Man Power.
J. J. Wood, Baltimore.

Thought Force as a Dynamic Power Applied to Our Business.
A. S. Edwards, Waterbury, Conn.

What Can Be Gained by Attending a National Convention.
T. J. Harrison, Waterloo, Iowa.

Subjects suggested for discussion include:

To What Extent Can a Company Force Issue on a Note, or a Conditional Bill of Sale?

Does the Association Approve of Force Being Used to Close an Account?

What Constitutes a Slow?

Credit Exchanges.

Better System of Transferring Accounts, Hours, Salaries, Bonuses, Vacations, Group Life Insurance.

Is it Profitable to Use Motocycles and Automobiles in Outside Work?

Other subjects will be added to the above and discussed. Each manager attending the Convention should leave with the Secretary the subject he would like discussed at this meeting.

8 P. M.—Vaudeville Show, followed by Dancing.

Saturday, September 23, 9 A. M.

Unfinished Business.
New Business.
Nomination and Election of Officers and Chairman of Standing Committees.
Announcement of the State that Wins the Attendance Trophy.

Saturday, 2 P. M.

Sight-seeing Yacht Trip Around Manhattan Island. Leaves Pier 83, Foot West 42nd Street at 2:30 P. M.

Some of the sight-seeing features worth while are:

Seeing Lower Manhattan.

Passing through New York's busiest thoroughfares in the shadow of the tallest buildings in the world. The Financial District—Wall St. and Broad St. Viewing the Statue of Liberty, the large Suspension Bridges, Stock Exchange, Curb Brokers, Sub-Treasury, City Hall, Custom House, Bowling Green, Ocean Liners, Tenement House District, Jewish Quarter and a stop at the Aquarium (old Castle Garden).

Seeing Upper Manhattan.

An exhilarating dash around Central Park, Riverside Drive, Morningside Drive. Viewing the homes of New York's Millionaires, the Museums, Churches, Theaters, Clubs, Statues, Monuments, Retail Shopping District, etc. Stopping at Grant's Tomb.

Sight-seeing Yacht Around Manhattan Island.

Through the waters of the North, East, Hudson and Harlem Rivers, completely encircling Manhattan Island. An excellent view is afforded of the sky line of New York. Passing under all the great bridges. In close view of the Statute of Liberty, Ellis Island, the Ocean Liners, Coastwise Steamers, etc.

A well-informed lecturer occompanies each trip.

With reference to the program, Wm. E. Pool, Chairman of the Massachusetts Association, writes:

"I am returning copy of tentative program which you so kindly mailed to me for my inspection. It is a wonderful program and I have no suggestions to make. You have certainly crowded a whole lot into four days, and I only hope that it can be carried out without cutting out any of the features."

"WAYS TO LOCATE A SKIP."

Judging from the calls received for the booklet, "Ways to Locate a Skip," the work done by the authors of this collaboration of practical information, should be gratifying. Here is an evidence showing appreciation: George H. Loh, manager of the Chattel Loan Society of New York, after sending for one copy of the booklet, replied as follows:

"We acknowledge receipt of your booklet, 'Ways to Locate a Skip,' for which we thank you, and enclose thirty cents in stamps, for which we would like you to send us three additional copies of the same."

And this from J. T. Harbine, Jr., Attorney-at-law, Xenia, Ohio:

"The little booklet entitled 'Ways to Locate a Skip' is certainly a jewel. I enclose twenty cents (20c) in coin for two more of them so that I can give them to people when they are out on a hunt."

And from J. V. Collier, of the Commercial Accounting Co., of Chicago, this:

"We this afternoon received the two copies of 'Ways to Locate a Skip,' and like them very much. We have some forty offices and credit clothing stores and would like to have one of these booklets for each place.

"I am mailing check for four ($4.00) dollars to cover cost of forty (40) copies, if you will be good enough to send them to us."

The requests of any other non-members of the A. I. L. A. will be taken care of at the rate of 10c per copy, as long as the present supply lasts.

ILLINOIS.

For the information of our subscribers we are publishing the fourth annual report of Division of Small Loans, Illinois Department of Trade and Commerce:

"During the period reported upon, that is from July 1, 1920, to June 30, 1921, the activities of this division have been very largely devoted to routine matters, in connection with the administration of this law. Not much of note or worthy of special mention has occurred during this time.

"The American Industrial Lenders Association, a national association of licensees under this or similar acts in the various states, held its annual meeting in Indianapolis in September, 1920, and invited a representative from this State to attend its sessions. The examiner of this division was delegated to attend the conference as the representative of this State.

"The department has endeavored to cause the office of each licensee to be examined at least twice each year. During this fiscal year there have been 173 examinations made, of which 66 were made in Cook County and 107 down State. For this same period 60 licenses have been issued to Cook County applicants and to down State applicants 81, making a total of 141, or 8 more than were in full force and effect on June 30, 1920. Removal consents have been secured by 7 licensees in Cook County and 3 down State. During this entire period 3 licenses were cancelled in Cook County and 1 down State. In the preceding three annual reports of this division the law and the rulings thereon arising from its administration have been repeatedly referred to and reviewed. Therefore, it is not believed wise to refer to such matters in this report. Reference to such reports for such matters may be had if desired.

"The administration of this law in Illinois, and the rulings promulgated by this department have brought to the borrower and the lender alike, almost uniform satisfaction. So much so, that when other states have come to consider the advisability of enacting such a law in their state, they have conferred with this department concerning the advisability of such proposed legislation. In three such states, namely, Michigan, Iowa and Minnesota, the civic organizations, which fostered the bill pending before the legislatures in those states,

MEET ME

at

The Eighth Annual National Convention

Hotel Pennsylvania
New York

Wednesday, Thursday,
Friday, Saturday,

September, 20, 21, 22, 23
1922

invited the Assistant Director of this department to attend committee hearings at which time the proposed bill in the respective states was under consideration, and this department believing that the administration of this law in this State had resulted in great benefit to its citizens, decided to send the Assistant Director who had been for three years in active charge of the enforcement of the law here, to the cities of Lansing, Des Moines and St. Paul, accepting the invitation of these various societies who were interested in the enactment of a similar law in their states. It may be noted here that the statements made by the representative of this department in these hearings were carefully and considerately received, the legislators being extremely desirous of securing all data and information possible upon the subject, and as to the practical working of such a law.

"It should be noted in passing that Michigan and Iowa acted favorably upon the bills pending upon this subject. Minnesota failed to enact a law upon the subject.

"The licensees in this State are to be congratulated upon their ready acquiescence in following the rulings and suggestions of the department relative to the enforcement of the law. Careful and critical examinations are made of the transactions of these licensees at least twice a year, and the result of these examinations is reported to the offices examined and suggestions and directions made for the correction of any irregularities found to have existed. Invariably the licensees have corrected their records in accordance with the suggestions of the department without further action, all of which speaks well, not only for the administration, but for the licensees thereunder. All of which is commendable.

"An attempt was made at the last session of the legislature to permit corporations to become licensees under this act, they having theretofore been barred by reason of the opinion of the Attorney General. The attempt failed and the bill did not pass the House. Therefore, this situation is in the same status it was before. An attempt was also made to amend this law by reducing the rate of interest from 3½ per cent per month to 2 per cent per month. The bill was presented by well meaning people, but statements from the department to the effect that data was not ready or available, nor had Illinois sufficient experience to justify it in stating that the rate as fixed by the law, 3½ per cent per month, was not reasonable, were made to the committee having the matter under consideration, and the bill failed of passage.

"If the condition that now prevails in this State with reference to this law continues, and there seems to be no reason why it should not, the people of this State can justly claim that by virtue thereof Illinois has freed itself from the clutches of the old time 'loan shark,' and is now by law regulating small loans to necessitous people, and in this is rendering a very great service to a class of our people otherwise neglected.

"Small Loan Division—July 1, 1920, to June 30, 1921:

Licenses issued in Cook County	60
Licenses issued down State	81
Total	141
Licenses cancelled in Cook County	3
Licenses cancelled down State	1
Total	4
Removal consents given in Cook County	7
Removal consents given down State	3
Total	10
Examinations made in Cook County	66
Examinations made down State	107
Total	173"

COMMUNICATIONS.

Waycross, Georgia,
August 14, 1922.

Dear Mr. Kehr,—I was glad to receive your letter enclosing four copies of the pamphlet by Mr. Ham, which I have handed to four of my directors, and I note what you say about joining the State Association.

This institutions is operated upon the 12 payment (monthly) plan; to eliminate these so-called loan sharks, of which we have about eight in a town of 23,000, composed mostly of laboring men at a large railroad shop. A few of us fellows are trying to get an institution that will take care of the good railroad trade, without forcing the railroad boys, of which I am one, and have been 17 years, to go to the fellow that is plainly holding them up at 10% every thirty days on time purchases which can be done under Georgia law. When I tried to get them to put in the 3½ rate, they called me a loan shark, but after reading the pamphlet, they are readily coming to my joint of view. I believe at my next stockholders' meeting I am going to get it over, and if I can, then I am going to join the State Association, and when I have accomplished this I will have done a great deal to help the loan situation in Waycross.

Of course, the industrial lender is necessary; he will always be with us, and I am for the better class. The man that does the game fifty fifty. But the 3½ rate is the happy medium between the bank and the loan shark, all of which we must have to make a world.

If you can do so, I would like six more of the pamphlets by Mr. Ham, one for the other directors. I shall be glad to remit for them if you will be good enough to mail me the bill, and if I am successful in establishing the system in our little institution, I shall be glad to join the Association, and lift my part.

Thanking you for your kind attention in the matter, I am,

Yours truly,
John Bennett.

Chicago,
August 16, 1922.

Dear Mr. Kehr,—I have been wanting to call your attention to a firm that took over our very bad business when we closed our Denver, Colo., office, and from whom we got most excellent returns. Returns from what were P. & L.'s and hopeless accounts, and what is even more important we got regular monthly returns or remittances from him. This is so exceptional a case that I feel the information might be of value to our members who have skips in Denver. Use this as you see fit. The name and address of the Denver firm is:

Mutual Credit Company (not a loan company),
459-460 Gas & Electric Bldg.,
Denver, Colo.
Mr. W. C. Lydon.

Mansfield, Ohio,
August 9, 1922.

Dear Mr. Kehr,—I am enclosing a letter and a copy of another letter, and after you have read them, perhaps it might seem well for you to print some part of them.

I am not particularly anxious to have my name appear, and of course not that of the borrower.

The spirit of coöperation as shown by Mr. Dobyns for not only our interests, but that of the borrower, if carried out in every case will do more to uplift and advance our plan than any other thing we might be able to do.

I am not nearly so much pleased with getting our money in this case as I am to see the fine spirit as shown by Mr. Dobyns.

It is entirely up to you as to whether you print any part of the letters.

Respectfully,
M. L. Anderson.

[The correspondence to which Mr. Anderson refers is too long to be reprinted, but it shows how M. L. Dobyns of the Guarantee Loan Co., Philadelphia, rendered Mr. Anderson's Company efficient service in the collection of one of his accounts that had moved to Philadelphia,—one more reason for membership in the A. I. L. A.—The Editor.]

ME TO MYSELF.

(Continued from our August issue.)

Pleasures.

One of the pleasures of a Managers' Meeting as well as every session of this convention is the air of companionship that permeates it. For men to crave companionship is as natural as to desire to live. Most men are companionable and those who are not are only so because of artificial circumstances under which they have been elected or have have been forced to lead their lives. Lonesomeness is a misfortune and usually a product of selfishness. Let us instill into our managers' meeting an air of unselfishness and learn to coöperate with each other. I hear men sometimes speaking with an easy confidence of coöpertion as if it were a natural human instinct; in point of fact, it is not. Men have had to learn to coöperate and it has taken years marked by oppression and bloodshed to bring men to know that in sharing one another's burdens they insure the safety and contribute to the happiness and success of all—every honorable vocation is an opportunity to contribute to the total of human welfare and happiness and there is no work so humble that it is unproductive. Business success is not fairly won nor can it hope to endure unless it returns profit on capital and labor invested but I believe that profits are not all measured in terms of gold and silver. If Goodwill, Respect and Friendship are excluded man may become rich and still be as poor as a church mouse—honest service rendered is the basis of all worthy enterprise and genuine competition is in the quality and quantity of service rendered.

Loyalty and honesty demand that we conduct our business so that men will heed and heeding will understand. Listen to me, young manager, the cleverest man in the world is the man who tells the truth and tells it all the time. Sometimes you can profit by a lie, but it's like dodging bullets—you never know when you are going to get hurt. It is easy to see the crooked dollar to-day but hard to see the ten straight dollars it is going to lose us to-morrow. Real business success grows like a snowball and the one thing that makes it keep on growing, even while we sleep, is our persistent truthfulness and dependableness. It is well to be clever and keen and Johnny-on-the-spot; it is well to look out for number one, but best of all is to have the world say of you, "Whatever that man says can absolutely be depended upon."

Man is a Failure.

When he values success more than character and selfrespect. When his friends like him for what he has more than for what he is. When he lets a day go by without making someone happier and more comfortable. When he does not care what happens to his neighbor or friend so long as he is prosperous. When he is so busy doing work that he has no time for smiles or cheering words.

There is one thing I never fail to leave in a home where I have made an appraisement or collection, that is a *smile.*

Laugh—

Build for yourself a strong box
  Fashion each part with care
Fit it with hasp and padlock
  Put all your troubles in there
Hide therein all your failures
  And each bitter cup you quaff
Lock all heartaches within it
Then—sit on the lid and laugh.

Tell no one of its contents
Never its secrets share
Drop in your cares and worries
  Keep them forever there.
Hide them from sight so completely
  The world will never dream half
Fasten the top down securely
  Then, sit on the lid and laugh.

What is it that makes our business affairs move smoothly? It is agreeableness—get the habit. Smile when you are shaving, then it will come natural all day long—be agreeable and you'll be in demand. Be agreeable and you will have little competition and you'll be pretty sure to succeed—an agreeable person lights up the room like a lamp. Study to make people like you, make love to the world; try it and see what happens.

If you would appreciate the Managers' Meeting give strict attention to every word spoken: any manager coming to one of these meetings who does not brush off the shoulder of some other manager or find something in this Manager's Meeting to take back home and apply to his work has either paid no attention to what has transpired or else he thinks he knows it all and such a manager should start a loan company of his own so that when he fails he loses his own money and not his employers' who have given him their confidence.

And now in conclusion permit me to say that twelve years ago when I became a manager of a Loan Company I was inexperienced, having spent the 20 years previous as a train despatcher. I found the managers and owners of those days unable to look me square in the face. Their very eyes told me they were hiding something: that they dared not tell the truth about their business. How different it is to-day, how proud we all are about what has been accomplished and as I look into your faces I thank God for the reconstruction. No man could possibly have loved this work years ago for down in his heart he must have been ashamed. I did my bit over in Stark County in this wonderful reconstruction and many, many times I thanked God Almighty for finding a place for me that has meant so much for my fellowman. "All things whatsoever ye would that men should do unto, do ye even so unto them," has always been my motto and when I am gone let it be written that I have worked earnestly and honestly and that I died gamely—but write, write that I have lived gloriously; that I have tried to play the game by the rules of honor and before I left that I built something of which it may be said that I tried to make the things that I touched just a little better.

The short length of time that I have been a member of the O. L. A. has been a great help to me and my company and we both appreciate it, I assure you: I'm sorry I have used so much of your time and sincerely thank you for the courteous treatment I have received to-day.

Finally.

When I lie down at night
  Make me not prey to thoughts that fear the light
Let not remorse, or shame, or doubt, or dread
  Have right to any place about my bed.

When I rise up at morn,
  Give me a slate clean as the day, new-born
Whereon to write, this day, a record fair,
  Unashamed though all the world see it there.

When that I trudge with burden of the day
  Grant me good friends to cheer me on my way
With whom my business shall be clean and true
  Taking not more but less than due.
  Till on that journey I must make alone
  All unafraid, I face the Great Unknown.

L. V. Busche.

WHAT'S THE ANSWER?

Recently the National Secretary received a letter from one of our members in a Middle Western state, which has recently enacted the uniform Small Loan Law, in which the writer asks for help in the following terms:

"We are after a bit of information and we feel you are in a position to give us the advice we desire. In Iowa we are making a concerted effort to put the loan business on a basis that will meet with the confidence and approval of the public.

"Just recently one of our circulars was returned to us by a Superintendent of Schools with a notation as follows: "It is an outrage to charge such a high rate of interest.' We immediately replied, a copy of which is herewith enclosed.

"Can you suggest a better or a more satisfactory method to combat and educate public opinion. Any plan you suggest will be recommended to the other members of the state association and will be greatly appreciated by us."

The National Secretary referred him to a number of pamphlets which have been published in justification of the rate, and said that the National Executive Committee has authorized the reprint of "The Facts About the Small Loan Business and the Scientific Rate of Fair Charges," by Reginald Heber Smith, of the Boston Bar. Distribution of this pamphlet will convince any intelligent person who is open to conviction that the rate of 3½% a month on unpaid balances for small loans, mostly unsecured, is justified.

The subject suggested by our correspondent is an important one, and the ways and means of meeting it will be discussed fully at the National Convention. It isn't sufficient for us who are engaged in the business to be satisfied with the rate, nor is it even sufficient if a small percentage of public-spirited citizens and agencies have recommended the rate, the public is not yet convinced. Ways and means must be found to carry on the educational work until there can be no question in the mind of any fair-thinking person that the Uniform Rate is justified.

OHIO.

Reconditions in Ohio, C. G. Liggett, Western Superintendent of the Beneficial Loan Society at Cleveland, states.

"I would like some one to bring up the matter at the national convention concerning the Scientific Loan of $300.00, and that there should be at least a gentlemen's agreement in the State of Ohio to not loan over that amount. We have found that the Community Finance Co. and the Citizens' Finance Co., and several other small chains in the state make loans over $300.00, and if they are going to continue doing business in this manner it is going to cause trouble in the future.

"This matter was brought up by the Chief Inspector of Department of Securities, a branch of the Banking Department of the State of Ohio, at the convention of the Ohio State Loan Association, but there was not very much discussion at this meeting as no one seemed to favor reducing it to $300."

PAWNBROKER'S GAZETTE.

Those of our members who are interested in Pawnbroking or Loans on Collateral Pledge of personal property, may be interested in subscribing to the "Pawnbroker's Gazette and Trade Circular" published weekly in London. It is a leading publication and an authority in its field.

Through the courtesy of the Legal Reform Bureau, New York, the National Secretary is able to furnish copies free to any who may wish to have some. Any desiring to subscribe to it can do so through Brentano's, Fifth Avenue, New York.

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EIGHTH ANNUAL NATIONAL CONVENTION

For constructive deliberations and potential results the eighth annual convention of the American Industrial Lenders Association, which was held in New York City at the Hotel Pennsylvania on September 20th, 21st, 22d, and 23d, doubtless will rank as the most important in its history. There were several outstanding features about the convention that marked it as distinctive in the development of the association.

Probably the first among these outstanding features was the very evident spirit among the members attending the convention that they constituted a body which was attaining its stature among the great number of maturer business and financial organizations in the country, that their organization had gained the recognition of the best economic and sociological minds in the country to which its importance as an agent of social service rightfully entitled it, and that it was incumbent upon each and every member to aid to the fullest extent in his power in developing the ultimate possibilites for usefulness of the Association.

The eighth annual convention of the association was a large convention, handled in a large way. The programme had been arranged with painstaking attention to its proper balance and it was carried out without a hitch and in a way worthy of men whose daily affairs are of an importance that calls for competence and ability. The selection of the metropolis of the United States as the convention meeting place in itself was a wise measure calculated to focus the attention of the country upon an association and a branch of business comparatively little known outside the circle of those immediately engaged in it but which is fast claiming the attention of financiers and the class of men and women who make the study of humanity and its needs their special field. It had a significance also in the fact that the scrutiny of the most powerful among the "unredeemed states" was thus challenged by the association.

It is fair to assume that the business of industrial lending was presented in an entirely new and more favorable light to hundreds of persons who before the convention had but a hazy or distorted knowledge of it, and the presence at the sessions of the convention of a number of distinguished economists and students of social conditions gave to a little understood business a status which it may always rightly lay claim to when conducted along ethical lines, but which has not always been accorded to it by the unthinking and the uninformed.

Great interest all through the convention was manifested in the large map displayed in the convention room which showed the status of small loan legislation in the United States. This map, which was prepared under the supervision of Dr. Joseph J. Genthner, Field Director of the Legal Reform Bureau to Eliminate the Loan Shark Evil, Inc., showed by shaded areas the various states in which, the Uniform Small Loan Law was in effect with the scientific rate incorporated, the states where the main features of the law are effective without, however, a satisfactory interest rate fixed by law; those where inadequate laws regulating the small loan laws are in force, and those where the business is wholly unregulated by law.

It was the consensus of those attending the convention that the map was a graphic illustration of the development of legislation which will be a fostering influence for the business of legitimate money lending and at the same time protective of industrial borrowers, but that it was also made evident that the Association had before it a great task in extending adequate legislation to every state in the Union which now lacks such laws.

The volume of business done annually by the small loan companies of the United States was put at the sum of $140,000,000 on a combined estimated capital of about $50,000,000 and these figures, while impressive and not generally known, served to suggest to leaders in the Association the desirability of systematically collating the more salient facts and figures concerning the organized lending business of the country.

In point of attendance it was one of the greatest conventions ever held by the Association. Of its total membership of 431, some 350 members attended, and as many of the members were accompanied by their wives and members of their families there was a total of about 500 brought to New York by the convention. In addition to the members and their families, there was a good representation of officials from the banking departments of several states.

During the four days of the convention the weather was ideal, New York's forerunner of Indian Summer being a brand that added incalculably to the enjoyment of the pleasure features of the programme. These features, in so far as they were set for out-doors, consisted of sight-seeing tours of New York by bus and yacht. The first of these little journeys was conducted for the ladies of the party during the forenoon of Wednesday, the first day of the convention, while the business session was in progress. The programme makers had seen to it that there was not an idle moment unfilled and after the day's round of sight seeing there were many theatre parties at several of Manhattan's scores of theatres.

One of the most enjoyable of the entertainment features was the vaudeville show and dance in the grand ball room of the Hotel Pennsylvania on Friday night. And not the least enjoyable feature of that night was the excellent vaudeville sketch which was presented with the smoothness and artistry of professionals by "home talent" within the membership of the Association. When the last number of the evening's show had been applauded the floor was cleared and the guests danced until long after midnight.

The purely social side of the four day session closed its season of weightier discussions, when a sight-seeing trip around Manhattan Island was conducted aboard a yacht. This was on Saturday afternoon, the yacht leaving the pier at the foot of West 42nd street at half past two o'clock.

The registration of the members and visitors attending the convention showed a total of 163, with 17 states represented. Those who registered were:

A. Berman, Mutual Industrial Loan Co., Hartford, Conn.; Alan K. Dolliver, Beneficial Loan Society, New Haven, Conn.; A. S. Edwards, Equitable Industrial Loan Society, Waterbury, Conn.; G. H. Hougham, Equitable Industrial Loan Society, New Haven, Conn.; H. G. McMullin, Equitable Industrial Loan Society, Hartford, Conn.; T. C. O'Brien, Equitable Industrial Loan Society, New Haven, Conn.; R. W. Roberts, Equitable Industrial Loan Society, Bridgeport, Conn.; A. B. Madison, Surety Loan Co., Atlanta, Ga.; L. T. Baker, Baker & Co., Chicago, Ill.; John A. Breen, Citizens Loan Assn., Chicago, Ill.; C. B. Burch, Burch, Woll & Moss, Chicago, Ill.; D. D. Drake, Standard Credit Co., Chicago, Ill.; M. R. Drennen, Chicago, Ill.; H. M. Griswold, Springfield, Ill.; L. C. Harbison, Chicago, Ill.; B. E. Henderson, Chicago, Ill.; Fred Huettmann, Chicago, Ill.; E. J. LeClaire, Chicago, Ill.;

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The convention was called to order Wednesday morning about ten o'clock in the small ball room of the hotel. Because of the absence, due to illness, of W. G. Wood, of Providence, National Chairman, R. M. Rutherford of New York City, Vice Chairman for the Unorganized States, presided. Mr. Rutherford introduced John R. Young, manager of the Convention Bureau of the Merchants' Association of New York, who in a brief and cordial address welcomed the members of the Association to New York. An address of welcome also was extended to the members on behalf of the Eastern state associations by Col. Clarence Hodson, of New York. Mr. Rutherford responded on behalf of the Association to both addresses.

The convention then resolved itself into a purely business session at which the annual reports of the standing committees and national officers were read. These reports were: Membership Committee, by J. H. Dyer; Committee on Legislation, C. H. Watts; Law Committee, F. R. Hubachek; Publicity Committee, Edgar P. East; Finance Committee, W. P. Woll; Treasurer and Auditing Committee, C. H. Stratton and H. T. Mattingly; Secretary, G. W. Kehr.

At the close of the morning session a luncheon was held in the grand ballroom of the Hotel Pennsylvania at 1 o'clock at which about 400 were present. There were no set speeches at the luncheon, but Col. Hodson was called on to speak and spoke briefly of the development of the Association and of the business of industrial lending.

Wednesday afternoon's session was devoted to the reading of papers by Walter S. Hillborn, Acting Director of the Division of Remedial Loans, Russell Sage Foundation; and Dean Babbitt, Atlantic sales manager of the Safe Cabinet Company, Marietta Ohio. Mr. Hilborn's paper on "The Year's Progress and the Uniform Law," was an interesting resume of the history of small loan legislation in the calendar year past. Mr. Babbitt spoke on "Record Protection," telling of tests made in the work of preserving office files from loss by fire by means of modern office appliances.

The general discussion at this session was on financing industrial loan offices, on the advisability of making changes in the constitution and by-laws of the Association and on the question whether small loan capital in the larger cities has reached the saturation point.

With Thursday's opening session the convention hit its stride, the entire morning being devoted to the reading of papers which received the close attention of those attending and evoked much interested discussion. C. H. Stratton, of Sullivan, Ind., National Treasurer, presided.

A. L. Wick, of Philadelphia, read the first paper on the day's program, on the "Need of Credit Exchanges," in which he urged that members of the Association adhere strictly to the letter and spirit of the law and limit individual loans to not in excess of $300. R. F. Hartz, of Indianapolis, who spoke on the "Indianapolis Credit Exchange," described in detail the organization of that exchange and its practical workings.

Dr. Louis N. Robinson, of Swarthmore, Pennsylvania, formerly of the chair of economics and later Chief Probation Officer of the Philadelphia Municipal Court, the largest court of its kind in the country, reported on the results of a survey he made of the small loan business throughout the country. In formulating his plans for the survey, he said, he considered it should show what sort of men are engaged in the small loan business and what kind of persons constitute their clientele. The results of the survey convinced him, he said in the first place, that wonderful progress had been made in the business and that its personnel was such that the men engaged in it could welcome inquiry into their operations.

The survey had demonstrated, he declared, the need for more comprehensive historical data on the small loan business for the information and guidance of those who sought by study of it to solve the problems confronting it. In the second place, he said, his investigation of the borrowing class served by lenders had shown that the uninformed public estimate of them was erroneous, that they were on the contrary men and women of honor and character and of ability in their own lines of work.

Dr. Robinson urged the need of a codification of the laws regulating the small loan business and the necessity of facing the problem of justifying their interest rates before the public, using a basis of facts, not opinions, and showing by analysis that the scientific rate is an equitable rate. This, he said, would do more to place the small loan business on the plane on which it properly belongs than any other course.

Miss Caro D. Coombs, of the Russell Sage Foundation, described the origin, mode of operation and growth of credit unions. Miss Coombs said that, while she believed the credit union movement would spread, she did not consider that it could ever supplant the usual commercial lending agency.

William Hirsch, manager of the Federated Loan Association of Philadelphia, a semi-philanthropic organization, Col. Hodson and Dr. Robinson took part in a discussion of Miss Coombs' paper which was received with every evidence of interest by those who heard it read.

Philadelphia's census of deadbeats was estimated at 32,000, in the address of Henry H. Smith, secretary of the Retail Merchants' Bureau of the Philadelphia Chamber of Commerce, before the American Industrial Lenders' Association in convention at the Hotel Pennsylvania Thursday afternoon. Mr. Smith added, however, that he had learned from the same source that the number of dope fiends in Philadelphia totaled 30,000, which possibly accounted for all but 2,000 of the total of dead beats.

Mr. Smith's statistics on "skips," as the dead beat is known in the terminology of the small loan business, were given in the course of his talk on the elimination of duplication of loans, wherein he described the system of the exchange of information in operation by which the dishonest borrower is detected or circumvented.

"How to Bring About a Full and Favorable Understanding of Our Business by the Public" was discussed by M. L. Dobyns, of Philadelphia, who emphasized the value of personal contact and a full and free discussion of all phases of the money lending business by those engaged in it. Making known the true conditions in the business and showing how loans may be made with profit to both contracting parties in the transaction, he said, were two prime methods of engendering a better public opinion.

Publicity was described by F. Eugene Ackerman of New York in his talk on "Public Relations" as an "industry in itself which more than any other single activity furnishes the motive power that propels all other industries toward success. He said that publicity alone sold over $7,000,000,000 worth of Liberty Bonds, created a League of Nations and "awakened the aspirations of millions of nationals who were under alien domination."

A. G. Zimmerman of Newark, N.J, read a paper on "Getting Favorable Publicity." Legitimate money lending, he declared, is made possible only by the operation of far sighted loan legislation. He urged the convention to strive to secure the maximum publicity for their business, and praised the work of the Russell Sage Foundation in endeavoring to educate the states to pass proper legislation.

Dr. J.J. Genthner of the Legal Reform Bureau defended the justice of the three and one half per cent rate on unpaid balances. This he declared is not forty-two per cent a year but actually amounts to about two per cent a month. The next step forward, he said, is to educate the public through a campaign of publicity to understand the nature of the small loan business. The members of the association, he said, had nothing to hide about their business and could afford to lay all their cards on the table.

The industrial lender was portrayed in the role of a doctor of social relations by J. E. Ryan of Detroit. "We have a grave responsibility," he said, "when we make a loan to a husband or wife, and agree to keep it a secret from the other. There is usually some indiscretion behind their need for money which will come out if a pinch comes and the borrower is unable to meet his payments. The happiness of the family may be wrecked. It is our aim to make only loans that will be constructive in character and make for the happiness of the family."

The money lending business was described as one of selling service in the address of W. H. Patterson, of Columbus, Ohio, and he declared the way to get and keep business was to advertise and to tell the truth in the advertisements. Great emphasis was placed on the value of courtesy in dealing with clients, and he added that the mere "dollar chaser" does not render "adequate service and cannot survive."

The afternoon session closed with a general discussion on two set topics: Can Loans of $25 or Less be Made at a Profit at the Uniform Rate? and What Should the Average Loan Be?

The annual dinner of the Association was held Thursday night in the grand ball room of the Hotel Pennsylvania. The tables for the diners were arranged on either side of a cleared space immediately in front of the dais on which was the speakers' table. Those seated at this table were Dr. Robinson, Dr. John M. Glenn, General Director of the Russell Sage Foundation; R. M. Rutherford, of New York; C. H. Watts of Philadelphia; Dr. Charles R. Brown D. D., Dean of the School of Divinity Yale University; Frank H. Pope, Boston Superintendent of Loan Agencies, Massachusetts; Arthur H. Ham, of New York; and Judge James S. Baldwin, of Illinois.

While dinner was being served an excellent vaudeville program was being given on the cleared space in front of the speakers' table and between the numbers and the courses guests danced to the strain of an excellent jazz orchestra. There were about 400 diners present and a large number of them enjoyed the dancing.

C. H. Watts was the toastmaster and his expansive good humor, witty sallies and happy introductions of the speakers of the evening radiated to the diners and added greatly to the enjoyment of the evening's program of good cheer and speeches. The programs were attractive examples of the printer's art in brown, with half tone reproductions of Dr. Glenn and the Hotel Pennsylvania as frontispieces, a list of the speakers of the evening, the national officers and the committee members.

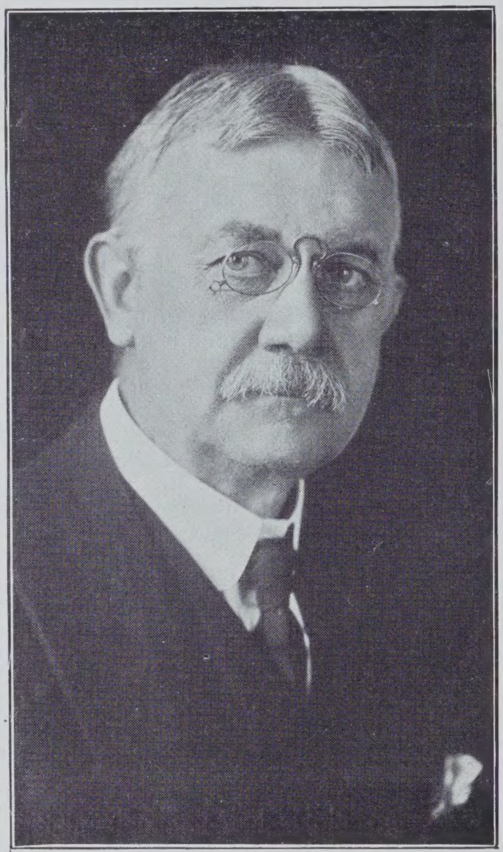
During the dinner and before the first speaker had been called upon Will Hays, formerly Postmaster General and now head of the motion picture industry of the United States, entered the ball room with C. H. Stratton, a life long friend, and was escorted to Mr. Stratton's table where he warmly greeted Edgar P. East, of New York, another friend of long standing. It was shortly before ten o'clock before the speaking began and the program of speeches was finished before midnight, when dancing was resumed.

R. M. Rutherford, speaking on the subject "Our Ladies," said in part:

"If in the beginning Paradise was lost through the evil counsel of our maternal ancestor, it is only through woman's guiding influence that it may be regained. The ideal woman is happy in girlhood, contented in wifehood, and glorified in motherhood. She is proud to be a woman—she does not want to be a man. She has wisdom, understanding and intuition. In every crisis her husband is guided by her instinct. She has character. She secretly molds the nature of her children. She is the power behind each one of them. She is the flowering rosebush in times of pleasure; she is a tower of strength in times of trouble. It is she who makes the home, and in motherhood fulfills the holiest end of her existence. Without her, man would be rude, rough, solitary, and would ignore all the graces which are but the smiles of her love."

Speaking of "The Sage Foundation in the Small Loan Field," Dr. John M. Glenn, General Director, among other things said:

"The day has come—not just recently, but for some time now—when the Sage Foundation and the Industrial Lenders are working for one and the same object, namely, to give the facilities that are needed for loans to small borrowers in a fair and reasonable way. There is one thing that I like very much about the situation, and that is that you frankly are in the business commercially. There is no foolish talk about philanthropy. You are in the business as a banker is in the business and as other people are in business, frankly to make money, and at the same time, to benefit the community and benefit the individuals who come in contact with you." . . .



Dr. John M. Glenn.

"I don't know in all our deals at the Sage Foundation — we certainly have found no set of men who are as willing to question and investigate themselves and know what they ought to do and try to find out what the right thing to do is than you. Therefore, I esteem it a real honor to have been able to come here and be with you to-night, and I want to express to you my heartiest sympathy with your efforts and my thorough belief in you."

After many attempts, C. H. Stratton succeeded in having that busy man, Will Hays, address the banquet. After a number of witty stories and an appeal for the moving picture industry, the ex-Postmaster-General gave this optimistic slant in his address:

"In spite of all the winds that have been blowing, in spite of all the strikes, if you will, we are right now entering and have entered into the greatest era of expansion and prosperity the country has ever seen. We all have known that it was coming. The only question was—when? Well, I say to you men of business, it is time to go out and meet it. I realize fully the difficulties, but I have no use for commercial slackers and I cry continually for the common sense of courage and confidence. It is time, my friends, I say again, to lay bricks and not throw them, in this country. Some responsibility on everybody. It is all ahead of us. We need have no concern."

Frank H. Pope, Supervisor of Loan Agencies of Massachusetts, in his talk "Stray Thoughts," after reciting a number of boyhood experiences in a humorous vein, paused to say:

"I never dreamed that the time would come when I would have the licensed money-lending agencies of the Commonwealth of Massachusetts under my thumb, and I hasten to assure you that that thumb is not being overworked, for the simple reason that 98 per cent of them are carrying on their business exactly as it should be conducted and their fidelity to the laws of the Commonwealth of Massachusetts and their allegiance to the rules and regulations of my office does not admit of any adverse criticism. I suppose I might have said 100 per cent, Mr. Toastmaster, but I naturally am a little modest and am not going to claim perfection, and certainly one ought to have at least 2 per cent to come and go on.

"How quickly you can catch on to that idea of a per cent, and I suppose that in order to be in strict conformity with the Small Loans Law I ought to say 3½ per cent, but, Mr. Toastmaster, the men identified with the business, with whom I have come in contact, both within and without my state, in my estimation represent as high a standard of business integrity as any other corresponding number of men in business and professional channels and I care not what the character of that calling or that profession may be, and I assure you that it is to me a source of great gratification that I am brought in contact, officially, and have business relationship with that class of men" . . .

"The objects and purposes of this Association have been emphasized many times in the course of the last two days. I have heard several gentlemen interested in your activities declare that as recently as ten years ago such a gathering as this in the United States would have been an utter impossibility, for the simple reason that the light had not shown.

"You know we have many problems, many mighty and vexatious questions which confront us as individuals, as an organization, as a state, as a nation, and which puzzle the world. The great majority of the people don't think of these great questions at all. A large number think at them. Once in a while you will find a person who thinks up to them, and occasionally one thinks into them, and suddenly the world receives a mighty shock. There has been a clarification of the situation. The opaque becomes transparent not because people have thought at the proposition, not because they have thought up to it, not because they have thought into it, but because some individual with marked mental penetrating power has thought completely through it, and it is by that process and by that process alone that the progress of the world has been made.

"You had not made that progress a few years ago. Some of you had been thinking at it and up to it, but I believe that it remained for the honored and honorable gentleman on my left, Mr. Arthur Ham to be the first individual in this country who has seen through the proposition and let in the light.

"You are now basking in that light, and let me offer as a final thought that the time may not be far distant when (and I can see it gradually approaching) you can say as the result of your earnest, united, co-operative efforts that at last the ideal which we hoped for has become real and the real is ideal."

In discussing "Human Relations in Industry," Dr. Charles R. Brown, Dean of the Yale Divinity School, made a masterly address in which he emphasized the adoption of the Golden rule in all kinds of business, and led up to the following close-up experience which indicated his understanding of by-gone conditions:

"I have been glad to come here tonight to speak to these men and to look into your faces. I have never before addressed an audience of men engaged in loaning to industrial people. I was a pastor for twenty-two years and for fifteen years of that time, pastor of a large city church, with over 1900 members, and a great many working people, and a great many poor people. I went into their homes and they told me their troubles because I was their pastor and I knew something about their financial distress and I was brought in contact with some of those men whom you are seeking to root out of your profession. I gained an impression there of their methods that has been with me during all these years.

"Let me give you a single instance of the sort of thing that you are combatting here at this convention and in your own several communities because you stand for the finer methods in your endeavors to stamp it out. I was once told about a woman who lived over a grocery store. I knew the man who kept the store. This woman was in trouble and asked if I could come over. I went up (she was crying) and she told me her story very quickly. She said, 'My husband was killed in an accident a number of years ago . I was left a young widow with three children. About a year after my husband was killed, I had the misfortune to be in a street car accident myself and I lost a leg. Now I am lame and have to walk with this artificial leg, but I did know how to teach music and I have been supporting myself and my children by teaching music. Three or four years ago one of my children was very ill and the doctor's and nurse's bill (for I had to go on with my work) got me in debt. I went to a man who makes loans to people who haven't credit or security here and I borrowed a hundred dollars. He charged me twelve per cent. interest a month—144 per cent. a year—and I have been struggling for three years now to pay off that debt. In that time I have paid him the principal three times over and a lot of interest and I still owe him one hundred dollars as well as being back on my interest.'

"I sat and listened to her story. She brought out the receipts and gave me the facts, and when I heard that story, I wasn't as Shakespeare says, 'morally indignant'—I was just plain mad. I went to see that man in his office and we sat down man to man and we talked it over. I gave him these facts. He admitted they were all true.

"'Now,' I said, 'there is that woman crippled by the loss of a leg, lost her husband, supporting herself in an honest way teaching music and supporting those three children. You already have your money back three times over and a good interest besides and she still owes you one hundred dollars. I think the best thing you can do is to write across the fact of that note, 'Paid in full,' and give it to me and let me take it to the woman.' He refused.

"'Well,' I said, 'I am going to do this: I am going to stand up in my pulpit next Sunday in the presence of 1,400 people and I am going to give them these facts and I am going to give them your name and your address.'

"'Oh,' he said, 'You won't do that.'"

"I was mad enough and I would have done it. I learned afterwards what I didn't know at the time, that his wife and two daughters attended our church. They were not members but came there and they would have been there to hear that thing said.

"He said, 'Let me think it over for a day.'

"Next day I got that note written across the fact of it, 'Paid in full,' and I took it to that woman.

"That is the kind of a man for which you men have no use and that is the kind of a man who has brought discredit upon the honorable business in which you are engaged, and I take it that you are meeting here in convention in order that those ideals and those principles that are necessary shall be carried out. They are necessary in carrying on a business for which there is a demand, (because there comes a time when people who haven't credit to borrow at the banks must have money to carry on their business) in such a way that it too shall be a profession, a social utility, a means of rendering service to the needs of human society, and to a convention like this, I feel very proud to be invited."

At Friday's morning session A. C. Broughman, of Marion, Ind., and C. R. Napier, of Chicago, discussed "Ways and Means of Educating Public Opinion to the Justification of the Uniform Rate."

"Lenders in the past have been looked upon by many well meaning people in the community as a species of highwaymen," declared Mr. Broughman. "As the public has become more informed of the nature of the business and the states have regulated the rate of interest the business has gained recognition as a necessary part of the economic life of the country. It is no longer looked upon as a 'bad man's business.' A small lender is an optimist—else he would not be one."

That the regulation of the small loan business by the state government has raised the business of money lending to the status of a legitimate and recognized branch of financing serving a real social need was the opinion expressed by Mr. Napier. "Small borrowers are not paupers as so many people think," he said. "Most of them are comfortably situated, except in times of stress, such as unemployment. The small loan banker is a family friend to whom many go for counsel and advice in the family affairs."

E. F. Moore of Philadelphia delivered an address on the necessity of uplifting and dignifying the small loan business by scrupulous observance of the highest code of business ethics by members of the association.

Emphasis was laid by several speakers on the inadvisability of making socalled confidential loans, loans made to a husband or wife without the knowledge of the other. The indiscretions back of those applications usually come to light, it was pointed out, and their disclosure leads to the break-up of the family in many instances.

A manager's meeting preceded the regular afternoon session Friday, after which the set programme was carried out. J. J. Wood, of Baltimore, discussed "Increased Office Efficiency on Less Man-Power," showing how a careful and business like study of methods could reduce overhead without any losses, but on the contrary with a positive gain in the amount and quality of service rendered by the office staff. "Thought Force as a Dynamic Power Applied to our Business" was a scholarly and interesting paper by A. S. Edwards of Waterbury, Conn., which demonstrated the place of psychology in the money lending business. Tate J. Harrison, of Waterloo, Iowa, held the interest of his hearers with his forceful and characteristic statement of the advantages to be gained by attending a national convention.

With the conclusion of the set papers of the afternoon a general discussion was held. Referring to the problem of financing wage earners made idle by the coal mine, railroad and textile strikes, William Young, manager of the Community Finance Company, of Philadelphia, said:

"When the strike began the miners and railway men had plenty of money. At first they took the strike as a joke. Many went out and bought automobiles and took their families on tour. Three months later they were selling their autos. During the last month of the strike there was a decided drop in payments on loans. Especially favorable terms were made by the small loan companies to miners and railway shopmen and instead of suffering losses on account of the strikes the small lenders have made friends."

In line with the discussion of the problem of financing the wage earners in districts affected by protracted strikes, the convention went exhaustively into the questions of the demand and supply for small loans, the question of the extent to which a company can force issue on a note or conditional bill of sale, whether force should be used to close an account, the need for adequate wage assignment laws, credit exchanges, and an improved system of transferring accounts.

The closing session of the convention Saturday morning was given over to the disposal of unfinished business and the nomination and election of officers and chairmen of standing committees. The following national officers were elected: National Chairman, R. M. Rutherford, New York; National Secretary, G. W. Kehr, Harrisburg, Pa.; National Treasurer, W. A. Zumpfe, Indianapolis, Ind.

The chairmen of standing committees elected were: Finance, W. P. Woll, Chicago; Legislation, C. H. Watts, Philadelphia; Publicity, George Hodson, New York; Auditing, J. S. Edge, Richmond, Va.; Law, F. R. Hubachek, Minneapolis; Membership, Tate J. Harrison, Waterloo, Iowa. Pennsylvania was announced as the winner of the trophy awarded to the state with the largest percentage of its members in attendance at the convention. The winning percentage was 77%, the same as Illinois had last year when it won the cup. New Jersey was a close second with 70% of its members present. The rest of the states lined up with the following percentages; Massachusetts, 66; Maryland, 58; Connecticut, 54; Illinois, 32; Rhode Island, 28; Kentucky, 25; Michigan, 25; Virginia, 21; Indiana, 20; West Virginia, 20; Ohio, 16; Georgia, 14; Iowa, 8.

New York, October 2, 1922.

To the Members of the American Industrial Lenders' Association:

Now that our eighth annual convention has passed into history, and the most of us have returned to our accustomed tasks, I shall take this opportunity to urge upon each member the importance of using every means within his reach to maintain and strengthen the position we have gained.

It has been said that few industrial movements have made such rapid strides and won such favorable recognition in so short a time as that of the Industrial Lender—the business of providing financial assistance to the worthy borrower in his time of need. Our business, as now conducted, is not only a business, it is a social service, which is receiving the approval and commendation of well informed and unprejudiced people everywhere. We have overcome almost insurmountable obstacles and are gradually breaking down the deep-seated prejudice of centuries. With each passing day the position of the Industrial Lender as an economic force in this country is increasing; and our recent convention will carry this position a long distance ahead.

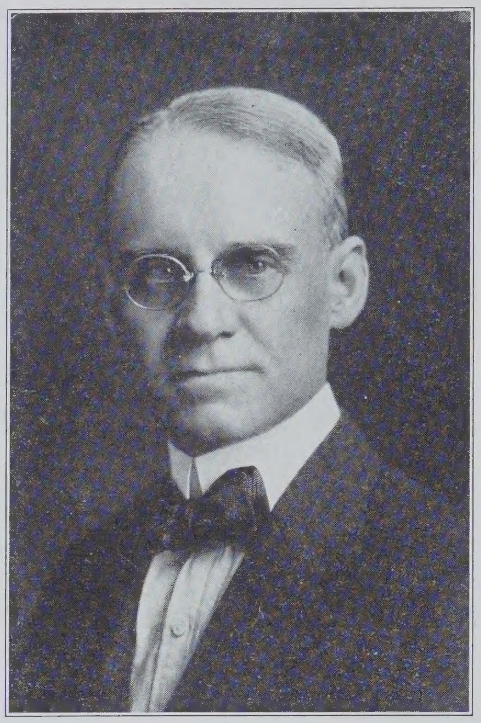
It is therefore our duty and our opportunity to think of our work in larger terms than merely as a means for personal gain.

In assuming the Chairmanship of our National body permit me to urge upon each member the importance of harmony within our own ranks. We cannot all think alike—we may differ on many subjects, but let us discuss these differences in a friendly spirit. Let all criticism be constructive and for the mutual benefit of all. Let us have keen competition, but let that competition be friendly and clean; and let us at all times give credit to whom credit is due.

Our association, in its short life, has made wonderful progress and has taken favorable rank with other business organizations of much longer standing; but the gratifying position we now hold may be maintained only by watching our own steps, observing the Golden Rule, and practicing a general policy of mutual helpfulness. Our weak members need encouragement and our strong ones should be tolerant and always ready to extend a helping hand.

We must not only maintain the position we have won, but we must progress, and to do that, each individual member must do his part in upholding the principles of the constitution to which we have all subscribed.

Cordially yours,
R. M. Rutherford,
National Chairman.



R. M. Rutherford.
Elected National Chairman.

VIRGINIA.

The regular quarterly meeting of the Virginia Association was held September 15, 1922, at the banquet hall, Virginian Hotel, Lynchburg, Virginia.

Immediately following a luncheon at 2:30 P. M., upon invitation by Chairman Pope, several short talks were given by D. B. Ryland, business manager of the Lynchburg Chamber of Commerce, Attorney R. C. Blackford and J. O. Cundiff, of Lynchburg, the business session was called to order at 3:30 P. M. by Chairman Pope.

Chairman Pope reported that the paper on publicity which was to be drafted and submitted to Bank Examiner, Richardson, for his approval before placing with the leading newspapers for publication; had not been completed but was being prepared and would be submitted to each member of the Association as soon as ready for publication.

Treasurer Edge reported a balance of $121.50 on hand with all bills paid.

The recent resignation of former secretary Keiss and the absence of complete reports, C. M. Garrett, acting secretary, had no report to make.

The Chair announced that on account of the resignation of Secretary Keiss which had been accepted; nominations for secretary were in order. Mr. Seay nominated C. M. Garrett, nomination was seconded and upon motion regularly made, seconded and carried Mr. Garrett was elected by consent.

Mr. Seay reported the practice in Richmond of a Money Lender buying time by advancing money on wage assignment at a rate of interest much in excess of the Uniform Act. Mr. Pope cited concerns operating similar in Georgia, and made a motion to appoint a committee to investigate the question and secure data to place before the Banking Commissioner for action, this motion was overruled. Motions by Mr. Herbert, of Norfolk to employ an attorney to investigate and report his findings to the banking department, motion was seconded and upon vote carried. Mr. Pope was elected as a committee of one to employ Attorney R. W. Carrington to secure evidence and report his findings, also give an opinion as to the legality of the question raised.

Mr. Stran of Lynchburg stated that his office was making a test case of the effect of the Bankrupt Act on wage assignments when the assignment had not been presented for collection before the petition is made. Mr. Pope made a motion that the Association assist in defraying the expenses of making this test. The motion was seconded and upon vote carried.

Mr. Pope spoke at length concerning the advisability of the adoption of uniform papers to be used in the offices of members of the Virginia Association, assuring the advisability of adopting this plan at an early date.

The Chair announced that nominations were in order for a delegate to the National Convention. Mr. Seay nominated J. S. Edge, the nomination was duly seconded and upon vote Mr. Edge was elected to represent the Association at the National Convention.

Treasurer Edge was instructed to pay a bill of $56.75 for the luncheon and $5.70 for stationary and printing.

Upon motion regularly made, seconded and carried, Richmond was selected as the place for our next meeting, to be held Thursday, January 18, 1923. This will be our annual meeting for election of officers for the Association for the ensuing year. Mr. L. E. Seay and Mr. J. S. Edge were appointed an entertainment committee to make all arrangements for the next meeting at Richmond.

The Chair announced the following; as members of the Executive Committee: J. S. Edge, L. E. Pope, W. F. Bradshaw and C. M. Garrett.

The Chair appointed the following members to draft an article covering the banquet and association meeting and placing it in the paper in their cities: J. S. Edge, Richmond, F. J. Haflin, Portsmouth, R. W. Herbert, Norfolk, J. B. Herbert, Roanoke, F. P. Stran and C. M. Garrett, Lynchburg.

Mr. Pope on behalf of the members thanked the entertainment committee for the splendid program and the manner in which the banquet and meeting was handled.

Visitors present were, D. B. Ryland, manager of the Chamber of Commerce, Attorney R. C. Blackford and J. O. Cundiff. Members present, L. E. Pope, J. S. Edge, F. P. Stran, J. B. Herbert, R. W. Herbert, F. J. Haflin, and L. E. Seay.

There being no further business the meeting was adjourned at 5:40 P. M.

We wish to thank the following for making the meeting a success:

Mr. D. B. Ryland for his excellent talk on the special need which was being met by the Small Lender in creating a banking home for the class of people who otherwise would not be served.

Attorney R. C. Blackford for his splendid comments upon the uplift work of the small lender in Virginia.

Mr. J. O. Cundiff for his excellent talk on the service rendered by the small lender for those who formerly had no method to secure loans.

The secretary feels assured that a desirable class of publicity has been spread by the meeting of the Association at Lynchburg, as many of our industrial lenders and as well as influential citizens have been interested in the activities of the small lender and the Association's work here.

It is the desire of the executive committee and all members of the Association that every member put forth his best efforts to make the next meeting at Richmond the biggest and best yet.

C. M. GARRETT,
Secretary.

SMALL TOWN LENDERS NOTICE.

In connection with the survey of the small loan business as outlined before the New York Convention, I am anxious to get in touch with lenders, particularly lenders in small towns, who are willing to coöperate to the extent of filling out a questionnaire relating to the borrower. Would be pleased to have any lender so inclined write me about the matter.

LOUIS N. ROBINSON,
Swarthmore, Pa.

LENDERS HAVE BAKE.

FIFTEEN MEMBERS OF STATE ASSOCIATION AT FORT PHOENIX.

Fifteen members of the Massachusetts Industrial Lenders' Association joined in an outing, clambake, and business session at Fort Phoenix, September 6th electing delegates to the National Convention in New York, and discussing business methods among lenders.

Since its organization, the Association has met in Boston, but this year the lure of the clams brought members from Fall River and from as far as Springfield to New Bedford and the Fort. A New Bedford man, H. J. Desormaux, is secretary of the State Association.

Leaving the Cummings Building in machines of the members, the party reached Fort Phœnix at 1:30, just as the fireworks were commencing in the Whitfield Pavilion. With the last lobster vanquished, the gathering resolved itself into a business discussion group.

Methods of conducting business among certain money lenders occupied the attention of the business session, and became the center of significant discussion. It was determined that necessary steps would be taken to prevent any member of the Association's operating in defiance of lenders' laws.

H. J. Desormaux, of New Bedford, was one of the five delegates elected yesterday from Massachusetts to the four-day National Convention at the Hotel Pennsylvania, in New York, the latter part of this month. Every licensed lender in the United States will be represented there; more than 1,000 delegates are expected. The Massachusetts delegation comprises: W. E. Pool, of Boston; D. J. Who'ey, of Lowell; George R. Alcott, of Boston; H. B. Bumsted, of Worcester; and Mr. Desormaux.

MAILING LIST HOUSES BEWARE!

The list of stockholders of a corporation is the property of the corporation and cannot be sold to outsiders for the purpose of circularization, according to a ruling by Supreme Court Justice Lehman yesterday. Justice Lehman granted an injunction to the International Mercantile Marine Company restraining William Jones, Auditors, Inc., from offering the list of International Marine stockholders for sale.—*New York Times, July 20, 1922.*

SMITH'S "FACTS ABOUT THE SMALL LOAN BUSINESS."

Last month we sent out to each of our members without charge, a copy of the mater work by Reginald Heber Smith of the Boston Bar, "The Facts About the Small Loan Business And the Scientific Rate of Fair Charges," and without solicitation on our part, orders were received from the following:

Omaha Loan Co., Omaha, Neb., 200 copies; Union Loan Co., Greensburg, Pa., 4 copies; State Loan Co., Galesburg, Ill., 50 copies; National Loan Co., Springfield, Mass., 12 copies.

It appears that the above industrial lenders appreciate something good when they see and read it, and that they are willing to do some educational work in their community for the good of their business. If there are any others who would like additional copies of Mr. Smith's work, we will be pleased to send the number of copies ordered at the rate of 10 cents each.

DELINQUENT MEMBERS.

According to the National Secretary's records, there are still a few more members delinquent in the payment of their dues which were payable August 1st, and from whom we hope to receive checks before November 1st, as we would like to include their names in the directory of members which will be published in the 1922 Year Book. If you happen to be one of these, please send us a check at once as we will print only the names of members in good standing in the directory.

1922 YEAR BOOK.

Work has been started on the preparation of the 1922 Year Book, which will include the proceedings of the Eighth Annual National Convention held in New York, September 20th-23d. The papers read and the speeches made, all of which were very interesting, will be included, as well as other important information.

WAYS TO LOCATE A SKIP.

The demand for that little booklet, "Ways to Locate a Skip" contiues and the authors who are too modest to divulge their names, have long since become famous. As an evidence of appreciation, note the following calls for the booklet during the past month.

H. H. Viert, Columbia Discount Co., Portland, Ore., on September 22d, wrote, "I enclose ten cents in stamps for copy of booklet *'Ways to Locate a Skip,'* and on September 28th, a request was received from the Peoples Loan Association, Providence, R. I. in which they said, "Enclosed find 10 cents postage for another *'Ways to Locate a Skip.'*

On September 29th, Employees Loan Society, Duluth, Minn., wrote "We inclose ten cents in stamps for which we would like to have you to be kind enough to forward us another copy of your booklet, *'Ways to Locate a Skip.'*

Dr. J. L. Higbie, Jenera, O., wrote us on September 22d, "I enclose check for a year's subscription to the INDUSTRIAL LENDERS NEWS and a copy of *'Ways to Locate a Skip.'*

Reliance Loan Co., Duluth, Minn. said in theirs of September 15th, "Enclosed find 10 cents in stamps. Kindly send us a copy of your booklet, *'Ways to Locate a Skip.'* "

American Finance Co., Danville, Ill., under date of September 16th, wrote, "Find enclosed twenty cents in stamps for your book *'Ways to Locate a Skip.'* From what I can read your book is ten cents but I am sending twenty to insure postage, etc."

This from F. A. Phillips, manager, Provident Loan Society, Rochester, N. Y., under date of September 13th, "I would appreciate it very much if you would forward me three copies of the *'Ways to Locate a Skip.'* "

The Globe Security and Loan Co., Louisville, Ky., The American Loan Association, Manchester, N. H.; Chas. Dohrmann, Chicago, Ill.; Beneficial Loan Society New Britain, Conn.; E. E. Stiles, Robinson, Ill.; Personal Loan Society of Baltimore; Portland Loan Co., Portland, Ore.; C. C. Wollerman, Jr., Cleveland, O.; Mrs. Amelia R. Bayline, Baltimore, Md.; American Law & Adjustment Service, Portsmouth, Va.: Guarantee Loan Co., Omaha, Neb.; National Loan Co., Bloomington, Ill.; First Security Co., Union City, Ind.; Chicago Mutual Loan Co., Chicago, Ill.; Merchants & Mechanics Loan & Savings Co., Waycross, Ga.; American Credit Co Buffalo, N. Y.; W. J. Stoddart, Chicago, Ill.; Security Loan Co., Nashua, N. H.; Provident Loan Society, Salt Lake City, Utah; V. D. Moss, Philadelphia and Beneficial Loan Society, Harrisburg, Pa. were among others who applied for one or more copies of this valuable booklet.

There are still a few copies left which we will be glad to send to others as long as they last at 10 cents per copy.

NEXT NATIONAL CONVENTION.

During the eighth annual national convention, Tate J. Harrison, Waterloo, Iowa, extended an invitation to hold the ninth annual national convention in Des Moines Iowa, in September, 1923. No action was taken at the time and the matter is now up to the national executive committee which will be pleased to receive other invitations before voting on the question. Please address all invitations to the National Secretary.

FINANCES WANTED.

To organize and operate a chain of small loan companies in the County Seats of Southeastern Illinois. I have had twenty years experience in organizing and managing loan companies and other companies, and know the territory and conditions. Lock Box 9, Robinson, Illinois.

A FORMER CUSTOMER'S ADDRESS WANTED.

Rudolph J. Weidmann (wifes name Mary J.) about 30 years old complexion swarthy, former World War Veteran, height about 5 ft. 7 inches weight about 165 pounds. Last heard from he was working in furniture store in Indianapolis.

Any body knows his present address please write to, Room 8, No. 115½ W. Sycamore St., Kokomo, Ind.

MARYLAND.

The September Meeting of the Maryland Industrial Lenders Association was held on the 12th, at 8 p. m., in the Board Room of the Merchants and Manufacturers Association.

In the absence of the secretary, Mr. E. E. Hougham of the Coöperative Loan and Investment Co., acted as secretary.

The minutes of the meeting show that there were present, M. J. M. Gomeringer, of Chester, Pa.; L. H. Pumphrey, of the Commercial Guarantee Co.; J. J. Wood, of the Community Finance Service Co.; E. E. Hougham, Coöperative Loan and Investment Co.; W. J. Oliver, Jr., of the Household Loan Co.; R. L. Ryan, Lend-U-Money Bankers; E. S. Armstrong, National Equitable Investment Co.; H. H. Larsen, Peoples Loan Society; R. L. Smith, Reliance Guarantee Co.; R. A. Long, Surety Guarantee Co.; J. D. Goldrick, Union Loan Co. and H. T. Mattingly.

Upon motion by Mr. Hougham, seconded by Mr. Mattingly that the association change their advertisement in the Baltimore Magazine, so as to present a clear vision of our business to the business men of our city. This matter being acted upon favorably, and referred to the Executive Committee who were instructed to draw up the ad, and immediately insert same in the next issue of the Baltimore Magazine.

Upon motion of Mr. Mattingly, seconded by Mr. Pumphrey, Mr. J. J. Wood was elected delegate to the convention, Mr. Hougham as alternate. It was recommended that an invitation be extended to Mr. Howard Bryant to attend the convention as our guest.

Upon motion by Mr. Mattingly, seconded by Mr. Pumphrey, Mr. Larsen was appointed a committee of one to obtain the application of the United Finance Co. of this city as a member of our association, and report the result of his efforts at our next meeting.

A lengthly discussion took place upon the goodness of the resolutions passed by the Ohio Association, and upon motion by Mr. Mattingly, seconded by Mr. Pumphrey, the Maryland Association recorded a vote favoring the said resolutions of the Ohio Association, and the secretary was instructed to write Judge Dyer to this effect.

There being no further business to transact, the meeting adjourned until Tuesday evening, 8 o'clock, October 10th.

It is hoped that each member will be present at each session throughout the fall and winter months, and come with the thought that you are one of the spokes in the wheel, and be prepared to take an active part, as we contemplate on having some very interesting papers read by live wires also lively discussions upon many phases of our business, therefore you will derive benefit of untold value by being present at each meeting. The secretary is looking forward to all members being present at our next meeting.

H. C. Moore, *Secretary M. I. L. A.*

ILLINOIS.

The next quarterly meeting of the I. I. L. A. will be held at the Morrison Hotel, Chicago, Friday afternoon and evening, October 27th.

W. G. Wood.
Retiring National Chairman.

Regrets were expressed by everyone attending the National Convention on account of the inability of Mr. Wood to be present, due to serious illness. For a number of months, Mr. Wood has been fighting for health and according to his own words, his absence from the big convention was the greatest disappointment of his life. Only positive orders from his physician prevented him from waving aside his physical handicap and venturing forth. Though absent in body for the first time since the American Industrial Lenders Association was organized in Philadelphia, April 1916, he was present in spirit and by correspondence. He designated R. M. Rutherford to preside in his absence, and suggested a line of procedure which evidenced his knowledge of what was to be done.

The Convention directed the secretary to wire its regrets and express the hope that his recovery to normal health may not long be delayed.

The American Industrial Lenders Association can boast of no finer men nor any who have labored more devotedly and unselfishly for the success of its principles than Watkins G. Wood. May he live long and prosper, and may we soon see him back in the harness again!

CONVENTION NEWS.

The resolutions offered by Messrs. Gifford, Dyer and Anderson of the O. L. A. printed in our September issue as well as the one respecting a change in the dues of the A. I. L. A. were declared out of order because they had not been submitted in accordance with the provisions of the Constitution and By-laws.

HONORS FOR HARBISON.

The National Executive Committee has unanimously elected Mr. L. C. Harbison, 81 East Madison St., Chicago, National Councillor in the U. S. Chamber of Commerce. The A. I. L. A. by increased membership and revenue now has two votes in the National Chamber on all questions.

CONVENTION ECHOES.

Chicago, October 5, 1922.

Dear Mr. Kehr:

I feel that you as one of the very active, energetic and hard working members of the Executive Committee are entitled to much credit for the success of the recent National Convention and no one should hesitate in saying so.

Those of us who have gone through the experience of conducting a convention and trying to make it a big affair realize, of course, exactly the amount of work and energy required to accomplish the purpose.

The New York Convention was, indeed, in every sense, a success and I was so absorbed in the whole affair that I was only out of the hotel one evening during the four day period.

I have heard a great many complimentary remarks and no one seems to harbor a regret for having made the trip to New York. It would be impossible for any person interested in the business to attend a convention and not pick up many valuable ideas, which after all is the strong argument for and in favor of organization meetings.

In thinking over the many subjects talked about, I have decided that each man in the business should take a greater responsibility in respect to doing individual educational work and with that in mind, I am going to ask you to send me a sample of the various booklets and literature about which you spoke, saying that you had a liberal supply on your shelves.

I want to start out with about 300 of each of three or four booklets and rotate them each month by putting them in the mail and handing them out at the window. Please advise me as to the cost and let me have samples at your convenience and greatly oblige.

Very truly yours,
L. T. Baker, *Secretary I. I. L. A.*

INDIANA.

In its "Letter on General Business Conditions" for October, 1922, the First National Bank of Fort Wayne, has the following to say under the caption, "Loan Associations":

"If all the loan associations in the country were of the type represented by the well-managed loan associations of Fort Wayne, the net results would be highly gratifying. There is a real need for safe and well conducted organizations of this kind, as they fill a want which is difficult to provide for as well in any other way. The business for these companies has been increasing from year to year and the character of the accounts handled shows that these organizations are of great service to the public. This type of borrowing supplies an economic need of large proportions. The outlook for this class of lending associations is good and the indications favor their consistent advancement."

NEW VICE CHAIRMAN.

Mr. C. E. Reed, manager of the Peoples Provident Loan Association, 203 Coleman Building, Louisville, Ky. was recently elected by ballot by the members in unorganized territory to be their representative in the National Council.

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HOW I LOOK UP AND JUDGE AN OLD CUSTOMER APPLICATION.

GEORGE W. CURRY.

"Fools rush in where angels fear to tread." Having accepted the assignment to prepare a short paper on the subject, "How I look up and judge an old customer," I seriously questioned the wisdom of my decision when I tried to put my thoughts on paper. That the once good, old customer gone bad is responsible for, if he is not the chief source of a large portion, not only the losses, but also and principally, of most of our worries, annoyance and expense, I feel certain most Loan Men will concede. If this is true the condition is one for which we are more to blame than the customer, for it is a condition which we can to a great extent correct, if not entirely eliminate.

We, and by we I mean the managers as well as the investigators, are inclined to take too much for granted in the cases of loans to old customers. Because of the fact that previous loan or loans were paid promptly, and in view of the customers' need for quick service, the present status of the borrower is not investigated further than to the extent of questions asked at time of making renewal. The information secured and important facts disclosed in investigations made on occasional applications of old customers, whose previous records, as shown by our books, entitled them to credit, were at times so startling, and so at variance with our judgment of the customer as formed by the original look-up and from personal observation in the office, that I have been convinced we cannot intelligently pass on the application of an old customer without checking up his or her condition from time to time.

To-day I make it a rule to pass no application for a loan to an old customer unless I have before me the report of an investigation made not more than one year before. Sometimes, of course, a report even a year old may be of little value. The investigation of an old customer in many respects, should be as thorough as that of a new applicant. I cite one instance to illustrate. Recently a couple who had dealt with us for some years, and whose dealings always had been A-1, applied for a substantial increase in their loan. After the payment of the balance of the loan they then had, which by the way I invariably insist upon, I took their application for the larger loan and gave it to one of our men for investigation. The report showed that the wife was piling up a lot of bills of which the husband had no knowledge; that collectors were continually running to the house and few gaining admittance; that she was running around quite a bit. This condition had been of rather recent beginning so that our previous report did not give this information to help us in passing judgment. I need not say that we did not make this loan. This is not an exceptional case, and I venture to say all offices have had similar experiences. The careful recheck look-up will often help us to turn down an account at the psychological moment.

In referring to "How I look up an old customer's application" I take it for granted you mean how I have my outside man look it up. Speaking from that standpoint, in the first place I insist on their getting reports from at least three merchants and two neighbors, as I have found in many instances an outside man is too apt to jump at conclusions. If the first merchant interviewed tells him that "so and so is no good, owes me a bill and I cannot collect it," he might take it for granted that the customer is bad without giving him the benefit of the doubt, and recommend that he be turned down. For this reason I insist upon his going further, getting all the information he can, and then leave it to me to decide whether to make the loan or not. We who have had experience on the outside know for a fact that ofttimes a merchant gives a party a "black eye" just because that party would not pay him a small bill, and further inquiry may show that the refusal to pay is due to some dispute over an acutal or imaginary overcharge by the merchant, and this often occurs, especially in cases where the customer is running a book account at a store. Sometimes the merchant has him charged for something that the customer does not have on his book which leads to a dispute and refusal to pay the bill; result, he is blacklisted so far as that merchant is concerned. The same thought holds good so far as the neighbors are concerned. I can cite an instance where one of my outside men was looking up a party and the neighbor right next door said they were no good, gave them a lot of trouble. Another neighbor interviewed said they were fine people. Investigation showed the applicant he was looking up had occasion to go to the Board of Health to complain of the conditions of the neighbor's house and yard, and for that reason said neighbor had a grudge against them.

Now as to how I judge an old customer's application. The honesty and ability of the applicant are the principal considerations. True you might say to me, why question their honesty when they have always paid you, but that does not alter the fact, as you well know, that an account once good is not always good. This is best illustrated by the number of slows on your books of which some must eventually be charged off. Look over these and I venture to say that at least 90 per cent of them were at one time good accounts on your books but were not turned at the right time because you were lax in looking them up when they asked for that last renewal. Think back and tell me, haven't you found that the one who eventually goes bad is the one who continually asks for an increase which was granted just because they paid the last previous loan O.K.? We think "they were good on this loan, so an additional twenty, thirty, or fifty dollars is safe" and we go ahead without any further consideration, until we find that we have made the one big mistake, investigating after they go bad instead of before. The old story of locking the stable after the horse is stolen. Any borrower who does not pay us back is either dishonest or they have become so overburdened with debts that they cannot keep their heads above water and so lack the ability to pay. This brings us to the question of judging ability to pay. The three most important factors in judging the ability of a customer are income, the number in the family and amount of indebtedness at the present time. We all know that when a customer who may be good for $50 or $100 asks us for double that amount or more we must sit up and take notice. We may be perfectly safe in making him a loan of $50 or $100 and he in borrowing this sum, but when it comes to shouldering him with the larger payment required on two or three times this amount he begins to go backward and the risk is greater. Often, the borrower wants the larger amount to help him not because he has contracted another loan, and if he gets out of that difficulty easily he will try it again, and that is the beginning of his troubles and ours, for eventually he gets in so deep that he cannot pay and we cannot collect, to say nothing of a once good customer lost. We cannot be too careful when investigating to find out just how heavily they are in debt, it not only helps us judge the renewal intelligently but if we do make them we are more careful to keep them within bounds. Then, too, we must consider carefully how many mouths must be fed out of the income available. I am careful to note how much rent they are paying and how they pay it. I am also particular to ask the representative as to the condition of the house—is it neat and tidy, or the reverse? What is the personal appearance of the wife in her home? The condition of the home, of the children and the borrower will often be a deciding factor in judging the risk as well as the prob-

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1922-1923

Chairman, R. M. Rutherford, 175 Fifth Ave., New York.
Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Ill.—L. C. Harbison, 81 E. Madison St., Chicago.
Ind.—W. R. Teel, 602 City Trust Bldg., Indianapolis.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—H. H. Larsen, 404 W. Baltimore St., Baltimore.
Mass.—W. E. Pool, 63 Court St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—T. L. Gifford, Nicholas Bldg., Toledo.
Pa.—A. S. Ezekiel, 301 Denckla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Auditing, J. S. Edge, 201 N. 1st St., Richmond, Va.
Finance, W. P. Woll, 337 W. Madison St., Chicago.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, G. Hodson, 135 Broadway, New York.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—B. L. Lassiter, 215 Atlanta National Bank Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—A. L. Whitmer, Iowa Bldg., Sioux City.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—C. M. Garrett, 312 Law Bldg., Lynchburg.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

able willingness to pay. How careful are we to ascertain whether the home life is harmonious and happy, or whether they have any domestic troubles? A case came before me recently which will illustrate this. We had a man and a wife on our books who had several $100 loans and were always as regular as clock work with their payments. In fact they usually anticipated their payments and generally paid the loan in full a month or two before expiration. At the time of which I speak they paid off their loan before maturity and asked for an increase to $200. Investigation disclosed that while neighbors or merchants knew nothing derogatory to their credit they were almost unanimous in saying the husband and wife quarrelled continuously, and it was rumored they expected to part in the near future. I questioned the wife on this point and she admitted the fact to me, and after getting her version of it I did not think it advisable to make the loan, as the paying of the bills rested entirely with the wife, he not caring whether they were paid or not. While these people are property owners and from the standpoint of security would make a safe risk, it was not the ideal condition for making a mutually profitable and satisfactory deal.

In closing may I say that I judge the application of an old customer from five standpoints; namely, past performance, reports of merchants and neighbors, ability to pay, conditions under which they live and finally their domestic relations, which latter I consider the most vital of all.

(Read before a meeting of the Pennsylvania Association, City Club, Philadelphia, September 14, 1922.)

SELLING LOAN SERVICE TO EACH INQUIRY OR APPLICATION.

By Walter G. Herron.

The selling of Loan Service to each applicant and inquiry is divided into several different parts.

First. Surroundings encountered by the applicant at the individual offices.

Second. Personalities of the persons seen at the time of calling to the office.

Third. Courtesies extended to applicant at time of calling to the office.

Fourth. Courtesies extended to applicant after the loan is made and this is the most important part of the selling.

I will try to cover everything in as short a time as possible, by taking them up seriatim. I believe it can be done.

Surroundings or *appearance* of our offices. The appearance of the office at the time of the applicant calling for the first time I believe is 50% of the selling of our loan service to the applicant. When they first open our door and enter our office the impression received is usually a lasting one, and will do more toward making an applicant feel at home and pleased to call again, than all the smooth talk and persuasive arguments advanced by the best salesman or manager could do in a month of Sundays.

This fact is conceded by the most successful enterprises and we only need to look around at the best business houses and we can see they are spending large amounts of money for their appearance to invite and attract the prospective customer.

If our office is bright, cheerful, and roomy, and furnished with good taste, not gaudy nor over done, we will create a mental picture in the applicant they will not soon forget, which will give them confidence in our organization and cause them to talk about the company which they are dealing with. I have had a number of my customers ask me if I had been in so and so's office, and tell me what a fine office they now have. We all know the women folks are strong for things arranged with taste and judgment, and I believe our offices see more of the female side of our accounts than the male. Place a mirror or two where the ladies can powder their nose, fix their hats, etc. This does not seem very much and some of you men will say we have no beauty parlor, just a common place of business where we loan money, but do not lose sight of the fact, even though we loan money, that is not all we are in this world for, make things pleasant and convenient for those whom we are serving.

Make our application rooms attractive. Give them a little more leg room so their back is not against the wall or their knees rubbing against each other. If space is to be cut down do so on the side of the person taking the application. These little niceties are the silent salesmen of our organization, but they speak louder than all the others combined.

Second, *personalities*. What a wonderful asset to any loan office is a salesman behind the desk whose personality draws the customer to him, receives their confidence, talks to them in a fatherly sort of a way, listens to their sorrows and cries with them if need be, and if they are in a jovial mood laughs with them, not in that half-hearted sort of a way such as "you give me a pain," but a real whole-hearted, honest-to-goodness laugh. It brings you so close they feel you are more of a brother or close relative in whom they are confiding their good luck and their bad. It will pay you dollars and cents when they are in a jam and do not know just who to give their last dollar to when they must make a payment to some one.

Cultivate that friendly spirit and when they call to make their payments continue to smile or cry or anything else that will show you are as much interested in them now as you were before making the loan and you were selling them their first loan. You men are selling them every time they call to your office, you are selling them their future loans and lining up your prospects for future business. Keep on talking your prospect until it becomes second nature to come in and get more.

Third, *courtesies*. This is a word that covers a multitude of sins. The courtesies extended to our customers can do a world of good if they are extended in the proper way, and if extended in the wrong way they can do just as much harm. The sins are confined to being too lenient with the applicant on the amount of loan we grant them, too small a payment, which teaches them to go and get another loan because they still have money left in their pocket which they do not know what to spend it on, and on being too easy on not sending out notices when their payment is due and granting extensions simply because they ask for them when they have the money in their pocket. But let us consider only those which assist us in selling our loan service. We can assist them greatly by advising them on their financial matters such as buying their homes, placing their fire and life insurance, how best to place their mortgage money without any undue expense, help them to get a position when they are out of work and countless numbers of courtesies which will not cost us very much, but show the extent of our loan service. I believe it is a courtesy to make our payments a little large because they can have a greater amount paid and a renewal will be a great benefit to them at some future date. Some of you men will say it is not much of a courtesy to make a payment heavy. On the face of it it does not seem so, but there are many times a doctor prescribes an awful dose of foul-smelling and tasting medicine to cure some of our ills, but after we have recovered, we say, "Gee, that was some dose but it sure has made me feel fine and I will take it again when I need it." We have had that experience with law and our exchange bureau.

Fourth. After the loan is made this is the most important part of selling. I feel and know you men are not going to agree with me when I say there is small need of trying to sell your loan service to a customer or applicant when he first calls to our offices, because he is already sold even before he calls the demand has been created, he must have money, where can he get it, can he sell himself to anyone for the amount he needs, what can he give as security. What lies can he think of to make himself look good in the eyes of the party from whom he will try to get his loan and a hundred and one things more runs through his mind as to what he is going to say and do when he calls.

Selling of our loan service is done after we have the applicant on our books and is a new account, then the actual selling is done. Make him a booster for our business, not merely our own individual office, but educate him to the type of men he is dealing with, give him the service he needs, go out of our way at all times to assist him. If he needs your knowledge give him the time at your office to consult you or any of your force about anything, personal or business affairs. The loan man's up-to-date knowledge is far-reaching. He is the best fitted for giving good, wholesome advice on almost anything, and if he does not know himself he has the means at his hand to find out. You can readily see, gentlemen, you can only sell your customer or applicant after you have made the loan. There is no selling before.

(*Read before a meeting of the Pennsylvania Association, City Club, Philadelphia, September 14, 1922.*)

Hon. Theodore E. Burton, member of Congress from Ohio, in an address before the National Federation of Remedial Loan Associations at Washington, May 25, 1922, stated in part:

"I have often been inclined to agree with Jeremy Bentham, who advanced the theory that rates of interest on loans are properly regulated by the law of supply and demand, but I realize that conditions exist which justify the enactment of usury laws. Where the borrower and the lender are on a comparatively equal footing, the law of competition can be trusted to regulate the rate of interest; but the tendency to exploit the urgent needs of the small borrower can be checked only by legislation. A law for the regulation of interest rates should serve two purposes: First, to protect the borrower against extortion; second, to repress the tendency to embark in injudicious enterprises."

AN APPRECIATION.

New York, Sept. 21, 1922.

Dear Mr. Kehr:

I have your very kind invitation to attend the banquet of your association this evening. It would delight me immensely to be with you, but my doctor's orders are to cut out everything that tends to over-stimulation (mental as well as the kind prohibited by Mr. Volstead).

I have watched with great interest the growth of your organization and often think of the luncheon that we had together several years ago. Many things that were said as predictions at that time have come to be very substantial facts to-day.

I can see a great future for your organization if you will hold true to the program which you have worked out. Frank recognition of the facts underlying the small loan business, fair dealing with the public, education of the lawmaking authorities, avoidance of hypocritical subterfuge, standardization of law and office procedure, will ultimately win out. I am sure the time will come when your organization will be widely recognized as representing a most important factor in the financial system of the country. There is no reason why it should not be so. It only requires the right program, the right men, and the recognition of the fundamental fact that fair dealing makes friends and that taking unfair advantage of another's necessities creates a body of enemies whose voice becomes powerful in creating public opinion.

With best wishes for your continued progress, and remembrances to those I met at our last meeting, I am

Sincerely yours,

Frank Tucker,

First Vice-President, Provident Loan Society.

PENNSYLVANIA.

The regular meeting of the Pennsylvania Association was held at the City Club, 313 South Broad Street, Philadelphia, at 1:30 p. m., on Thursday, September 14 1922.

The meeting was called to order by Chairman A. S. Ezekiel.

Thirty-seven members were present at the luncheon which preceded the business meeting.

Report of Officers.

The treasurer reported in hand, September 14, 1922, $731.31. On motion of Mr. Moore, seconded by Mr. Brown, the report was accepted.

The secretary reported a membership of 81—73 in good standing as of December 31, 1922; 50 are also members in good standing of the American Industrial Lenders Association as of February 1, 1923.

Report of Commitees.

Chairman Webster of the Entertainment Committee, reported in readiness for necessary planning for November annual meeting and asked that the same committee, that served with him last year so effectively, be appointed again.

Chairman Mueller of the Membership Committee, reported a continued interest and a steady growth in our membership.

New Business.

The Chair appointed Messers. J. G. Lobb and V. D. Moss, of Philadelphia to assist Mr. Webster as a special committee on the annual convention, to be held in Philadelphia in November.

The Chair called attention to the need of attendance at the annual convention of the American Industrial Lenders Association in New York, September 20th to 23d, and of his hope that the attendance trophy would be brought back to Pennsylvania.

The Chair appointed Messers. Young, Webster, Mueller, Lyons, Moore, Lee, Moss and Brown as delegates representing the Pennsylvania I. L. Association at the American I. L. Association's Convention, New York, September 20 to 23, 1922.

Mr. Herron, treasurer of the Philadelphia Exchange Bureau, urged participation in the bureau by all Philadelphia members, and on motion of Dr. Mueller, seconded by Mr. Herron, the Chair was ordered to appoint a committee of two, to urge membership upon all non-members. The Chair appointed Messers. Herron and Lyons.

On motion of Mr. Young, seconded by Mr. Horn, the following, having had the approval of the majority of the Executive Committee, were duly elected to membership. Industrial Loan Service, Inc., Edward P. Cropper, 308 Finance Building, Philadelphia and Charles Gaus, 6621 Wayne Avenue, Philadelphia.

The Chair announced 155 licensed lenders as reported by the Banking Department.

On order of the Chair, the secretary read the resolutions, received from National Secretary Kehr, as adopted by the Ohio Loan Association in regular convention at Cedar Point, Ohio, in August, 1922.

On motion of Mr. Moss, seconded by Mr. Webster, the opinion of Deputy Attorney General, Fred Taylor Pusey, of July 13, 1922, relating to the practices or methods of doing business indulged in by so-called loan companies licensed under the Act of June 17, 1915, as amended, June 4, 1919, be multigraphed and distributed to the members.

There appearing no further new business to transact, the educational part of the program was then entered.

Walter S. Herron, manager of the Hamilton Loan Society, Philadelphia, spoke on the subject, "Selling Loan Service to each Inquiry or Application" and on motion of Dr. Mueller, seconded by Mr. Lee, it was ordered made a part of the minutes of this meeting.

George W. Curry, manager, 1208 Chestnut Street, Philadelphia office, American Loan Company, spoke on the subject, "How I Look Up and Judge an Old Customer Application" and on motion of Mr. Watts, seconded by Mr. Horn, was ordered spread on the minutes of this meetin.

The subject, "How I Look Up and Judge a New Application" was discussed ably by Messers. Young, Hendrichson, Horn and Clayton.

There appearing no further business to transact, on motion of Mr. Hess, seconded by Mr. George Lobb, the meeting adjourned.

C. H. Watts, *Secretary.*

PENNSYLVANIA.

It doesn't require a great amount of effort of the imagination to remember with satisfaction the result of the Entertainment Committee's activity towards having accomplished the successful, mighty fine annual meeting last year.

This is to register with you and your family this information. That same Entertainment Committee is going to put over even a bigger day's annual meeting and they have asked that you be informed of the time, the place and the importance of being in attendance.

There will be the usual morning session at 10 o'clock, followed by a luncheon, then the afternoon session at 2:30, and then the usual Banquet at 6:30, followed by a dance. All of this will take place on Thursday, November 16, 1922, at the Bellevue-Stratford Hotel, Philadelphia.

Let your imagination run riot and even then the Committee assure us that you will not have reached a point where you will have been conscious of the goodness in store at this one-day annual festival.

It will be good for the Small Loan Business, your individual association with it, your standing in the community and your own folks. So, mark up your calendar and let nothing interfere with your being in attendance.

The program is being made up and further notice of it will be given you in time. C. H. Watts, *Sec'y.*

ENGLISH LAW.

The Money-Lenders Act, of the United Kingdom of Great Britain and Ireland, of 1900 (64 Victoria, 51) reads in part:

1.—(1) Where proceedings are taken in any court by a moneylender for the recovery of any money lent ** ** ** and there is evidence which satisfies the court that the interest charged in respect of the sum actually lent is excessive, or that the amounts charged for expenses, inquiries, fines, bonus, premium, renewals, or any other charges, are excessive and that, in either case, the transaction is harsh and unconscionable, or is otherwise such that a court of equity would give relief, the court may re-open the transaction, and take an account between the moneylender and the person sued, and may, notwithstanding any statement or settlement of account or any agreement, purporting to close previous dealings and create a new obligation re-open any account already taken between them, and relieve the person sued from payment of any sum in excess of the sum adjudged by the court to be fairly due in respect of such principal, interest and charges, as the court, having regard to the risk and all the circumstances, may adjudge to be reasonable; and if any such excess has been paid, or allowed in account, by the debtor, may order the creditors to repay it; ** ** ** **

The tests of whether interest and charges are excessive or unconscionable are to be considered by the court, "having regard to the risk and all the circumstances." This is a clear recognition of the fact that risks and any other adverse circumstances relating to loan transactions shall be reasonably appraised in determining whether the rate of interest and charges are unconscionable, in a given case.

YEAR BOOK.

Possibly the Year Book which will be more elaborate than before, will be out next month. Members, welfare organizations and public libraries will receive complimentary copies. A charge of one dollar per copy, will be made to others who may wish it.

MARYLAND.

The October meeting of the Maryland Industrial Lenders' Association was held on Tuesday, the 10th, at 8 p. m. in the Board Room of the Merchants and Manufacturers' Association.

Among those present were: J. J. Wood, of the Community Finance Service; E. E. Hougham, of the Coöperative Loan and Investment Co.; H. H. Larsen, Peoples' Loan Society; R. L. Long, Surety Guarantee Co.; H. C. Moore, Chesapeake Loan Co.; F. B. Synder, Beneficial Loan Society; W. F. Oliver, Jr., Household Loan Co.; A. L. Wick and Lewis F. Eckhardt of Philadelphia, Pa.

Mr. Hougham of the Executive Committee reports that Dr. Mueller is preparing to draw up the proposed ad. for the Baltimore Magazine, and will surely have the ad. in the next issue of the magazine.

Chairman Larsen reports that he has been successful in obtaining the application for membership in our Association of Mr. Chester A. Gardner, Manager of the United Finance and Security Corporation of this city. Upon motion by Mr. Wood, seconded by Mr. Hougham that we accept the application of membership of Mr. Gardner, this being acted upon favorably, the secretary was instructed to so notify Mr. Gardner, and present him with an Association certificate, copy of the by-laws and any other literature that we may have that may be of interest to him.

Mr. Wood, delegated to the National Convention, gave a very interesting talk about the benefits one would gain from attending the National Convention, and especially the Managers' Meeting. He also called our attention to the publicity talks as being a wonderful help, and hoped that each Manager would bring back the feeling that he would encourage and boost publicity at all times. He also touched upon how helpful it was that the Banking Officials of different States could meet with our National Body.

The Secretary was instructed to read a letter under date of September 28th, addressed to Chairman Larsen from Mr. East in behalf of the Convention Committee expressing their appreciation for the coöperation and financial assistance of our Association in helping to make the National Convention a success.

The news that Chairman Larsen was to be transferred to Philadelphia surely was received with deep regret by the officers and members of the Association, yet each of us know he will be successful in assuming his new duties. May the light of our everlasting love, and good fellowship follow him, and may we hope to have him with us at our meetings from time to time is the unanimous wish of each member.

Chairman Larsen tendered his resignation because of his inability to be with us at all meetings in the future, but upon a suggestion by Messrs. Wick and Hougham that Mr. Larsen continue as Chairman throughout the term. In his absence, Vice-Chairman Snyder will serve.

A suggestion was made by Mr. Wick that the Association have at least one member prepare a paper to be read at the next meeting, and a general discussion follow upon the paper read.

Upon a motion by Mr. Wick, seconded by Mr. Hougham, and carried, that the Chairman was to appoint a committee of three to be known as the Program Committee. This committee to arrange for the programs as stated at the next meeting.

A motion by Mr. Wick, seconded by Mr. Hougham, the hour for calling the meeting was changed from 7:30 to 8 p. m. and the Secretary was instructed to notify each member, and record this motion in the minutes.

Upon motion by Mr. Hougham, seconded by Mr. Wood, that the Association record a vote favoring the $15,000,000 School Loan. This being unanimously carried, the Secretary was instructed to notify each newspaper by letter, also record a copy of this letter to the newspapers with the minutes. The editor of the *Sun, The Evening Sun, Baltimore American,* and the *Baltimore News.*

"To the Editor of the Evening Sun:

"The $15,000,000 School Loan was a subject for special discussion at the meeting of the Maryland Industrial Lenders' Association held in the Board Room of the M. and M. Association, October 10th. The Association recorded a unanimous vote in favor of the loan, and each member pledged his undivided support in this connection.

"Very truly yours,
"H. C. Moore, *Sec'y.*"

Upon motion by Mr. Wood, seconded by Mr. Oliver, the Association went on record as being opposed to, and protest against licensees who split up loans or in any other manner used methods that evade or violate the spirit of the law.

A general discussion took place upon keeping the Association awake by putting more pep in our work in the way of having interesting papers and topics to discuss, also it was recommended that we invite the ladies and the outside boys, and let them discuss our every-day problems with us. Much good thereby may be learned.

There being no further business, upon motion by Mr. Long, seconded by Mr. Snyder that the Association adjourn until the next meeting, Tuesday evening, November 14th, at 8 p. m. sharp.

H. C. Moore, *Sec'y.*

RHODE ISLAND.

The Rhode Island Association of Small Loan Brokers arranged a meeting, at which non-members were invited, at the Biltmore Hotel, Wednesday evening, October 25th, Mr. W. G. Wood, State Chairman, presiding.

The question of introducing and supporting the Enactment of the Uniform Small Loan Law in Rhode Island this winter was taken up and after considerable discussion was looked upon favorably and approved.

Upon motion of Mr. Chase, seconded by Mr. Lovegrove, the meeting adjourned. J. H. Wickstrom, *Sec'y.*

WAYS TO LOCATE A SKIP.

During the month just passed we have had a demand for copies of "Ways to Locate a Skip" from the following:

G. E. Vliet, Dallas, Tex.
Columbus Loan & Mortgage Co., Columbus, O.
Wm. Holl, Portland, Ore.
American Law & Adjustment Service, Portsmouth, Va.
Utica Provident Loan Assn., Utica, N. Y.
American Loan Co., Wilkes-Barre, Pa.
Industrial Thrift and Loan Corporation, Scranton, Pa.
F. W. Michael, Philadelphia, Pa.
Shawnee Finance Co., Lima, Ohio.
Harry G. Neal, Providence, R. I.

In sending for a copy of the booklet, the American Law and Adjustment Service, Portsmouth, Va., wrote:

"We received one copy of your booklet 'Ways to Locate a Skip' and find that it is a masterpiece, in fact, it is of such value that we are inclosing remittance to cover ten more copies.

"While many of the ideas are not new to us, yet we find several that are worth many times the price of the book.

"Why does not the author disclose his name? Certainly he cannot be timid.

"Would the author be willing to permit reproduction of his booklet?

"Thanking you in advance for your attention, and trusting that we may receive our copies quickly, we are

"Yours very truly,
"The American Law and Adjustment Service."

which brought forth from A. L. Wick of Philadelphia, who together with his associates are responsible for this compilation the following:

"Thank you for sending along the letter received from the American Law and Adjustment Service, Portsmouth, Virginia.

"I am, of course, pleased that they speak so well of the booklet 'Ways to Locate a Skip,' and since there have been remarks by others that have been favorable, as well as a desire to know who the author of this booklet is, it seems only fair that I should make it clear that I compiled this booklet but the ideas are not original, and were gathered from all of our employees, each one offering the different methods of locating a skip that they could think of.

"My reason for having them furnish these ideas was prompted by our having a list made up about ten years ago on which there appeared fifty-nine ways to locate a skip. I felt that there had been such a wonderful education in the loan business in the past ten years that many new ideas must have come to all of us. These ideas were all classified and I added a few of my own, in that way only was I interested in getting up this booklet.

"We have no objection to anyone reprinting this booklet but it would, of course, be unfair for the American Law and Adjustment Service or anyone else to take credit of compiling the booklet.

"We are hopeful that the issuing of this booklet will be helpful to all who use it. We are sure it will save many an account finding itself subject for Profit and Loss account, if this booklet is studied and the various ideas honestly tried out.

"I am, of course, happy that the booklet has thus far proven interesting to others."

Any who may still be without this booklet, still have a chance to get it by sending 10 cents in postage to the National Secretary.

SMITH'S "FACTS ABOUT THE SMALL LOAN BUSINESS."

Smith's "Facts About the Small Loan Business and the Scientific Rate of Fair Charges," has met with great appreciation from many of our members who have made calls for it during the past month. Here are some of those that ordered the booklet and the quantities ordered.

Columbus Loan & Mortgage Co., Columbus, O.	1
Harry G. Neal, Providence, R. I.	100
Shawnee Finance Co., Lima, Ohio	200
Provident Loan Society, Rochester, N. Y.	2
Connecticut Industrial Lenders Assn.	1,300
Chicago Mutual Loan Co., Chicago, Ill.	1

If any others may wish to cooperate in this educational work, please file your orders with the National Secretary at once.

MASSACHUSETTS.

The Massachusetts Association held their annual meeting together with the election of officers, on Thursday, Oct. 19th, at Hotel Bellevue, Boston. The meeting was preceded by a banquet, presided over by Chairman Pool, and we were honored by the presence of our National Chairman, R. M. Rutherford, of New York, who addressed the gathering and gave us an interesting talk on the meetings and banquets of some of the other state associations.

The officers for the coming year are the same as the year past; namely, W. E. Pool, Chairman, Boston; D. J. Wholey, Vice-Chairman, Lowell; G. A. Ingalls, Treasurer, Boston; H. J. Desormaux, Secretary, New Bedford. The members of the Executive Committee are W. E. Pool, W. J. Baldwin, G. R. Alcott, F. McConville, G. A. Ingalls, all of Boston, and D. J. Wholey, Lowell, and H. J. Desormaux, of New Bedford.

I have been instructed to communicate with you regarding the matter of obtaining about fifteen extra copies of the LENDERS NEWS with the account of the National Convention, should this be possible, kindly forward same to Mr. W. E. Pool, Chairman, 63 Court St., Boston, Mass., together with the bill. The reason for this request is that we have appointed a committee to call on all delinquent members in the state and a copy of the NEWS will be given to every member called on by the committee.

H. J. DESORMAUX, *Sec'y.*

MEMBERS BEWARE.

One of our members wrote us recently in regard to a skip account, Roy E. and Minnie Cooper, and says: "He is an insurance agent and worked for the Western and Southern Insurance Co. in Brazil, Indiana. He skipped from there and in tracing him up, find that he moved to Springfield, Illinois. He borrowed some money from one of our members there and skipped out, owing them a balance." In order that other members may not be stung by these same people, we suggest that each member note this item for his own protection. The man is about thirty-five. We have no other description of him but possibly could get it from the members who have lost money through him.

SAYS WOMEN SHOULD KNOW HUSBANDS' MONEY SECRETS.

Do you know all about your husband's affairs, and does he know all about yours? How much should you know about each other's affairs? These questions arise as the result of a suggestion made recently at the eighth annual convention of the American Industrial Lender's Association when John E. Ryan, manager of Detroit's Provident Loan Society, declared himself in favor of refusing loans to either husband or wife if the loans were to be kept secret.

"If there is to be harmony in the home there should be no secrets from each other on the part of the husband or the wife, and certainly there should be no secrets in matters financial," said Mr. Ryan.

There is a difference of opinion among Detroit women about this rather large and embracing platform advocated by Mr. Ryan.

Mrs. Frank Rosenblatt, director of the educational department of the First National Bank, says: "There should be a complete understanding between the husband and wife of the husband's net income. By net income, I mean what is left after all the business expenses are met. There is no need of the wife's knowing just how her husband met this or that contract, but she should know whether her household allowance is too large or too small. European women always have had this knowledge of their husbands' affairs, and it is time that American women had it.

"When a man goes into business, his partner has a complete understanding of all the financial operations. Why shouldn't his wife have this same knowledge?

"A budget promotes partnership and each knows where the money is going. Back of domestic discord is often financial trouble."

"I certainly think that a wife should have a little nest egg of her own about which her husband knows nothing," declared Miss Vera Lerch, publicity manager of the American Loan and Trust Company.

"This money, which the wife keeps for her very own, should not be for some frivolous extravagance, but often there are times when women want money for legitimate purposes, yet they do not want their husbands to know about it. One must judge by individual cases, and no broad rule can cover this; but I should have money of my own to do just as I pleased with," emphatically stated Miss Lerch. "It gives you an independent feeling and I see no objection to it. It is tommyrot to say that it is wrong for the husband or wife to hold out on the other."

Miss Birdsay Cole, assistant secretary and treasurer of the Banker's Trust Co. of Detroit, declared that in the main this principle of perfect fairness between husband and wife was the best thing for marital happiness. "I do not think that a woman should be made to account for every penny," said Miss Cole, "but in the large things she should."

"When a husband or wife borrows money, the other should know about the obligation, for ignorance was never bliss there. If a woman doesn't know about her husband's finances, she is apt to be extravagant, thinking he has more than he has. Almost any woman who really understands about her husband's business will govern herself accordingly."

Mrs. Harriet D. Kelly, manager of the business leasing department of the Homer Warren Company, and a member of the Zonta Club, said: "Don't tell all you know." This applies everywhere. It's an old adage that familiarity breeds contempt and it could work out equally well in this case.

"Of course, a wife should know what her husband's income is, but every bill that husband or wife incurs need not necessarily be known to the other to make married life an idyllic song. One must have individuality in married life, or it becomes a bondage.

"A husband should give his wife an allowance, and then trust her to use it to the best of her ability. If a wife is perfectly frank with her husband there would still be danger of the husband 'holding out' on her. For the husband always knows how much money he gives his wife, but she may not always know how much his income is." — *Detroit News, October 11, 1922.*

HOW OHIO CHATTEL LOANS ARE SUPERVISED.

Few Complaints of Overcharges in Past Year.

As a supplement to his annual report, reproduced in last week's issue, Mr. Arthur L. Stewart, Chief of the Division of Securities of the Ohio Department of Commerce, gave the following review of operations under the Lloyd Act during the fiscal year ended June 30th, last.

This review treats of a subject concerning which little has been published—the administration of the statute regulating the lending of money on chattel mortgages, plain and endorsed notes, and salaries and wage earnings, under the jurisdiction of the Securities Division. Mr. Stewart writes:

"The seventh year of the operation of the Lloyd Act ended June 30, 1922, the date of this report. During the year all operations have been far-reaching and important.

"The supervising of licensees under the Lloyd Act is of the utmost importance to the public. At the present time nearly 80,000 persons are borrowers from said licensees in the sum of nearly $5,000,000 and probably 200,000 borrowers are accommodated. As each borrower represents a family of some size, the importance of this work is obvious.

"The class of people affected by this law must also be taken into consideration. Inasmuch as the majority are industrial producers who for one reason or another are in urgent need of small sums of money which ordinarily cannot be obtained through other channels, our energies have been directed, first, to see that the borrower is not overcharged and, second, to stop and punish illegal lending in the State.

"The examinations made of licensees by our examiners show that the licensees are heartily in favor of the law and are doing their utmost to comply with it. Very few borrowers have been overcharged. These overcharges are to be expected when the vast number of computations made in the year and the hurry of making them are considered, but in no case were the amounts of importance nor were they made with any intent to overreach or violate the provisions of the law. When the licensees' attention has been called to overcharges, the amounts have been invariably refunded to the borrower.

"The examinations of licensees are of the utmost importance both to the licensee and the borrower. They tend to make the licensee careful in charging the proper amount, and prevent persons from engaging in the business who without the curb of examination would operate at the expense of persons who are in dire need of small sums of money; and furthermore the borrower knows that his interests are being safeguarded under the law.

"The number of licenses issued during the year ending March, 1922, was 178, as against 171 for the preceding license year.

Examinations Very Important.

"The fact that during the year we have had practically no complaints of licensees from borrowers, indicates that the law has been complied with on the part of the licensee.

"The loaning of moneys on personal property under the Lloyd Act is on a legal and proper basis and deserves to and does rank with any other business in the State.

"Certain minor changes should be made in the Act. For instance, examiners should be given authority to subpœna witnesses, and to examine accounts of persons and companies not licensed. A uniform system of accounting should be established. There should be a limitation as to the amount which might be loaned to one borrower at the permitted rate. The amount of wages or salaries earned which may be assigned should be reduced to 10 per cent instead of 50 per cent.

"On May 14, 1921, the General Assembly passed an Act to amend sections 6337-44 and 6346, which became effective Sept. 6, 1921. This Act places all pawnbrokers in this State under the direct supervision of the Division of Securities. The license fee for pawnbrokers is $150 a year, which fee includes the entire cost of examinations and inspections for the duration of the license. Such fees shall be apportioned at the rate of $12.50 a month or fraction thereof until the first day of January following the date of the issuance of such license, 50 per cent of such license fee shall be for the use of the State, and 50 per cent shall be paid to the municipality, or if outside the limits of any municipality, to the county in which the office of the licensee may be located. Each licensee must execute and file a bond to the State of Ohio in the penal sum of $2,000 with the Chief of the Division of Securities, to be approved by him, for the faithful observance of all provisions of this Act so that any person who is injured by the violation of this Act by a licensee may maintain an action on said bond. Licensees are permitted to charge 5 per cent a month interest on loans or discount on any continual pledge up to and including the sum of $25 and 3 per cent a month on loans or discounts above the sum of $25. In addition to said interest he may make a total charge for the storage of pledged articles not exceeding 25 cents a month or fraction thereof, and for the storage of cumbersome articles such as furs, clothing, trunks, motorcycles, etc., a sum of not to exceed 50 cents a month or fraction thereof. This must be agreed upon in writing between the licensee and the pledgor at the time the loan is made; also, in instances where the licensee is to forward the pledged article by express or parcel post, he shall be allowed an additional charge of 25 cents to cover packing, etc. Said charges and interest shall not be deducted in advance. Interest for an actual number of days shall be computed on unpaid balances and shall not be compounded. The licensee shall have the right to charge and collect interest or discount at the specified rate for one full month on any loan which is made and repaid within 30 days. The licensee under this Act must make daily reports to the Chief of Police or head of the Police Department on forms furnished by the Department, giving descriptions of the pledgor and the article pledged by him.

"Many of the pawnbrokers formerly doing business under municipal authority suspended operations when the State acquired supervision, and the number of pawnbrokers in the State at the present time is materially reduced.

"It is our belief that a large number of pawnbrokers have continued to transact the pawnbroking business without complying with the law with regard to securing a license, but with the limited force at the disposal of this Division it has been impossible within the last year to make a complete check.

"We are of the opinion that the language of Section 6339-3 of the General Code, regulating the interest on loans, should be made more specific; i. e., the section should state that the amount charged on sums up to and including $25 shall be 5 per cent a month and that 3 per cent a month shall be charged on any sum over and above $25. Thus, if the loan is for $30, the licensee shall charge 5 per cent on $25 and 3 per cent on $5. A uniform system of accounting should also be provided for.

"Within the past year we have been so hampered by a lack of sufficient force that the examinations of chattel loan licensees and pawnbrokers have necessarily been limited. A careful analysis of the situation indicates there should be a chief examiner and at least two examiners in this Division, whose entire time should be given to the examination of licensees under the Chattel Loan and Pawnbroking Division." — *Finance and Industry, Sept. 2, 1922.*

JAPANESE MARQUIS VICTIM OF "LOAN SHARK" IN 1682.

(*Special Correspondence of The Eagle and Phila. Ledger; Copyright, 1922.*)

Tokio, Aug. 8th—The ancestor of Marquis Yamauchi doing business in Japan 240 years ago played a pretty mean trick on the present Marquis, who has just been confronted with a debit note for 20 kans, the amount of a loan obtained from the contemporary ancestor of Mantaro Tamura wherewith to purchase twenty-four ships. The ancient document has been hidden all these years in the altar of the Tamura family because the old money-lender stipulated in his will it should not be produced for payment until the amount involved would be large enough to ruin the family of Marquis Yamauchi. The old man had a pleasant outlook on life, and always liked to see his customers do well.

The document is perfectly legible, though badly discolored, and Marquis Yamauchi is reported to have expressed his wish to arrange a satisfactory settlement. The conversion of 20 kans to the Japanese money of to-day, however, is such an enormous amount that full payment is impossible. It hasn't even been figured out clearly so far.

POLITICS.

I've got a letter, parson, from my son
away out West,
An' my ol' heart is heavy as an anvil in
my breast,
To think the boy whose futur' I had
once so proudly planned
Should wander from the path o' right
an come to such an end.
I told him when he left us, only three
short years ago,
He'd find himself a-plowin' in a mighty
crooked row—
He'd miss his father's counsels an' his
mother's prayers, too,
But he said the farm was hateful, an' he
guessed he'd have to go.

His letters came so seldom that I somehow sort o' knowed
That Billy was a-trampin' on a mighty
rocky road,
But never once imagined he would bow
my head in shame,
An' in the dust 'd wallow his ol' daddy's
honored name.
He writes from out in Denver, an' the
story's mighty short;
I just can't tell his mother; it'd crush
her poor ol' heart;
An' so I reckoned, parson, you might
break the news to her—
Bill's in the Legislatur', but he doesn't
say what fur.

OBITUARY.

Due to a broken auto axle, Lebrecht G. Glessner, Manager of the York, Pa., office of the National Equitable Investment Company, met death October 29th, in a trip from York to Lancaster, where together with his wife and friends he was bound to consult a physician. The accident occurred about a mile west of Lancaster, in which Mr. Glessner's skull was fractured and at the same time sustaining a compound fracture of the leg. He died in St. Joseph's Hospital, Lancaster, about two hours after the accident occurred. Mr. Glessner is survived by his wife, and had been in the employ of the National Equitable Investment Company for some eighteen years. He was esteemed highly by his employers and by all who had the pleasure of meeting him on several Association occasions. We extend to his widow our heartfelt sympathy and express the hope that she will recover from the injuries sustained in the same accident.

REPORT OF L. T. BAKER, DELEGATE FOR ILLINOIS TO THE NATIONAL ASSOCIATION CONVENTION FOR 1922, HELD AT THE PENNSYLVANIA HOTEL, NEW YORK CITY, SEPT. 20th-23d, INC.

Object of Delegate's Report.

In addition to giving the delegate some pretense for earning his allotted expense money, it is to give those members who did not attend, at least one man's impression of the big annual meeting.

In drawing conclusions from such a report, one should bear in mind that only a few of the outstanding and important features of the Convention can be touched upon because of the necessity for brevity. To make this report concise, I have divided it into five sub-heads as follows: First, Statistical; second, Business; third, Social; fourth, Summary; fifth, Suggestions.

Statistical.

The registered attendance, not including ladies, and visitors, was 160, while there were approximately 400 at the banquet. Attendance from the various States, figured upon the percentage of the State membership, is as follows: Pennsylvania, First, 77%; New Jersey, Second, 70%; Massachusetts, Third, 66%; Maryland, Fourth, 58%; Connecticut, Fifth, 54%; Illinois, Sixth, 32% (18 members); Rhode Island, Seventh, 28%; Michigan, Eighth, 25%; Virginia, Ninth, 21%; Indiana and West Virginia, Tenth, 20%; Ohio, Eleventh, 16%; Georgia, Twelfth, 14%; Iowa, Thirteenth, 8%.

Business.

The Convention was called to order Wednesday morning, September 20th, by acting Chairman R. M. Rutherford. He read a letter from Chairman W. G. Wood, who was unable to be present because of the reoccurrence of the same illness which he suffered while in Chicago last winter. Mr. Wood was greatly missed by all, and the Convention expressed its sympathy and best wishes for him.

We were very heartily welcomed to New York by Mr. John R. Young, representing the Merchants' Association of that city. Col. Clarence Hodson responded and these two addresses brought about a better understanding between the two organizations represented. Briefly the report of the standing committees were as follows:

For Membership Committee: Judge Dyer reported a membership of 431 and referred to the Secretary's annual report for the membership activities.

For the Committee on Legislation: Mr. C. H. Watts showed a very active year for his Committee, and advised that in 1923 there will be forty-three State Legislators in session, in addition to the National Congress.

For the Law Committee: Mr. F. R. Hubachek went rather into detail, and gave us considerable interesting information, as well as a great deal of good advice. He spoke at length upon the $300 limitation, and said that Benjamin Franklin was the originator of the idea, when he placed that as the maximum loan to be made to worthy persons, from a sum which he had appropriated for that purpose. Mr. Hubachek called attention to the fact that our law specifies loans to necessitous persons, which does not mean corporations or business men. He said that our best assurance of keeping the present law is to attempt few, if any, changes in same.

For the Publicity Committee: Mr. E. P. East called attention to the fact that more prominent men had addressed our various State Association meetings this past year, than ever before, and advised that the practice of having such persons as our guests be continued. Mr. East recommends the formulation of a plan for general publicity, during the coming year. It is his opinion that the address of Mr. Ham, at the Chicago Convention, has been the means of accomplishing great good for the Industrial Loan business.

For the Finance Committee: Mr. W. P. Woll reported the activities of his Committee and recommended a change in the method of assessing and collecting dues.

All these reports will be completely covered, together with the reports of the Secretary and Treasurer, in the Year Book.

The Convention was then adjourned to a luncheon given by the Eastern hosts, which was followed by a talk by Col. Hodson.

The afternoon session was opened with a paper prepared and read by Mr. Walter S. Hilborn, Acting Director Division of Remedial Loans, Russell Sage Foundation, New York City. Mr. Hilborn said that the Uniform Small Loan Law, either in its exact form or in statutes containing similar provisions, is in force in nineteen states in the United States, having a population of 59,123,981, out of a total population of 105,710,620. "Great oaks from little acorns grow"; and the small conference held in the city of New York in 1916 has changed the small-loan history of the United States. His experience has shown that the two great sources of opposition to our law is from, first, those who are ignorant of the law, and second, the high-rate lenders. Mr. Hilborn's report will be published in pamphlet form, as well as in the Year Book.

The four resolutions offered by the Ohio delegates, together with the proposed change in the method of levying and collecting the National dues, were not voted upon because of there not having been presented to the Convention in the form and manner required by the Constitution. The remainder of the afternoon was given to the discussion of practical business subjects.

The Thursday morning session was opened by a three-cornered discussion on the Clearing House question, conducted by Mr. A. L. Wick of Philadelphia, Mr. R. F. Hartz of Indianapolis and Mr. Henry H. Smith, Secretary, Retail Merchants Bureau, Philadelphia Chamber of Commerce. Mr. F. Eugene Ackerman, of a New York Advertising Agency bearing his name, explained how he handled the publicity for our Convention, and suggested forms of good publicity for our adoption.

Next on the program was Dr. Louis N. Robinson, Swarthmore, Pa., who is making a nation-wide survey of the small loan business. Dr. Robinson's talk was absorbingly interesting, and all will want to read about it in the Year Book.

He gave us an idea of what his survey will cover, including the following features: First, A history of the small loan business; second, a study of the class of people who borrow in small amounts; third, the legal basis of our business; fourth, competition by firms with different schemes of financing and lending; fifth, what are the old countries doing in the small loan business; sixth, justification of our 3½% rate; seventh, comparison of the business in the old days and of to-day.

Following Dr. Robinson, Miss Caro D. Coombs of the Russell Sage Foundation, New York City, read a very interesting paper on the Credit Unions and their relation to the business of the licensed lenders.

The afternoon session on Thursday was given over almost entirely to the reading of papers and practical subjects, which will no doubt be covered completely in the Year Book.

The Friday morning session was opened by a paper on the subject of "What are you doing to uplift and dignify the Small Loan Business every day," read and prepared by E. F. Moore, Philadelphia. This paper brought out considerable discussion and no doubt many delegates acquired new and better ideas to incorporate in his daily business procedure.

"Ways and means of educating public opinion to the justification of the uniform rate," was handled jointly by Mr. A. C. Broughman of Marion, Ind., and Mr. C. R. Napier of Chicago.

These talks created considerable comment, and Mr. Napier's address was so masterful and important that the Illinois Association has prepared and published it in book form, copies of which may be had by applying to the Illinois Secretary.

During the afternoon session, Mr. Tate Harrison of Waterloo, Iowa, began his remarks by telling a story, and when he opened his paper preparatory to reading, Mr. Broughman of Marion, Indiana, moved that Mr. Harrison omit the reading of the paper and continue his story telling. Harrison seconded the motion, and in his able and characteristic manner amused the Convention with wit and humor. He closed by inviting us to Iowa for the 1923 Convention. Several other splendid papers and the discussion on practical subjects concluded the afternoon session.

Saturday morning, September 23d, which was the last session of the Convention, was opened by a Managers meeting, which continued until 11:00, and from that time until 1:30 the very difficult task of electing officers satisfactory to all was accomplished and resulted in the following slate: Chairman, R. M. Rutherford; Treasurer, W. A. Zumpfe; Secretary, G. W. Kehr; Auditing, J. S. Edge; Finance, W. P. Woll; Law, F. R. Hubachek; Legislation, C. H. Watts; Membership, T. J. Harrison; Publicity, G. Hodson.

SOCIAL.

The manner in which, and the extent to which, the ladies, who attended the Convention, were entertained, is worthy of special comment. Much credit and appreciation is due the Sight-seeing Committee, which was headed by Mr. George Hodson. He kept the various groups of ladies busy every day going about the city, and the ladies can truly say that they saw New York.

Nor were the delegates themselves slighted in respect to entertainment. A luncheon was served to all the first day of the Convention, and on the second evening we enjoyed the banquet, which was truly an accomplishment and stands out most favorably in comparison with our previous banquets. During the dinner and after the speaking, we were entertained by a large orchestra, singing and dancing. At the close of the evening, just before the dance, a very clever magician entertained by mind reading and amazing tricks.

The first after-dinner address was given by Mr. Rutherford, entitled "Our Ladies." Mr. Rutherford said, that among other things, the ladies pull the wool over eyes before marriage and out of our heads afterwards. Then he eulogized them beautifully, in order that he might stand, as he always has, well with the ladies.

The next speaker was Dr. John N. Glenn, General Director, Russell Sage Foundation. This was the first time Dr. Glenn ever appeared before us, and we indeed felt honored by his presence. He stated that he was indeed pleased with the progress and efforts of our National Association, and extended his best wishes for its continued success. Dr. Glenn frankly stated that he is not yet sure that our 3½% rate is correct, and developments will prove whether or not it should be lowered.

The next address was given by Hon. Frank H. Pope, "Stray Thoughts." He said that he would not talk business, but would give us a history of his life. There were a few serious remarks in his talk, but his main desire was to amuse us, which he accomplished nicely.

Rev. Charles R. Brown, D.D., Dean of the Yale Divinity School, spoke upon "Human Relations in Industry." All of these talks will be reproduced in the Year Book. One of Dr. Brown's strong points was that the Golden Rule should be applied to our everyday business policies.

The next orator of the evening was a surprise speaker in the person of Ex-Postmaster General Will Hays of Sullivan, Indiana, who was the guest of our Ex-National Chairman, Mr. C. H. Stratton. Mr. Hays proved himself to be a very impressive and eloquent orator. He told us many interesting things about the moving picture industry. Mr. Hays said that friend Stratton asked him if he did not think that our Industrial Loan men and our crowd was a pretty good bunch, and that he replied with the following story: A school boy was asked by the teacher how much 3x3 was, and the boy said 9, to which the teacher replied, "Pretty good, Johnny." Johnny said, "Pretty good, hell, that's perfect." As stated previously, there were over 400 persons at the banquet, and this wonderful social event was terminated by a dance, which lasted until early morning.

SUMMARY.

It was apparent to all, that our eastern hosts made complete preparations for our comfort, convenience and well-fare, and handled the entire Convention in a truly admirable fashion. Neither time, thought nor money were spared, as shown by the many unusual things done, and novel ideas carried out. A map, approximately 16x6 ft. in dimensions, of the United States, showing by colors the territory affected by some form of Small Loan Legislation, attracted a great deal of attention. Probably never again will our Association members have the privilege of attending and enjoying so elaborate a Convention, coupled as it was, with such splendid entertainment and interesting sight-seeing facilities.

Much praise and gratitude is due the Eastern men, for it was they who made it possible for our National Association to place firmly upon the highway of Industrial Loan progress another and a distinctive milestone.

SUGGESTIONS.

1. That all future Conventions be of four day periods.
2. That social features of future Conventions be less conspicuous.
3. That a full half-day or an entire evening be set aside for a well-regulated managers meeting.
4. That fewer papers be read and that more time be given to the general discussion of practical subjects.
5. That nominations for National Officers be announced at the first session of the second day, and that election of Officers be held at the opening of the third-day session.
6. That greater national publicity be given both before and during the Convention.
7. That the 1923 Convention be held in unorganized territory, for example, Louisville, Ky., St. Paul or Minneapolis, Minnesota.
8. That in such organized territory, during the Convention, we have a noonday public debate meeting, inviting the general public to attend, and permitting anyone to talk on the subject of Small Loans, and such talks to be responded to by one of our delegates, and also attempt to answer any question which might be asked.
9. That if our next Convention is so held in unorganized territory, the National Association pay one-half of the expenses and the member States be assessed for the remainder of the expenses, according to their individual membership.
10. That our National body arrange, if possible, to have the Remedial Loan Association to hold their Convention with that of the American Association.
11. That our National Association arrange to have all legalized State Departments heads and inspectors attend our National Convention and arrange, during the Convention, for these Department Officials to hold a special conference.
12. That the entertainment for our next Convention be given, in part at least, by membership talent.

NOTICE.

After this issue of the INDUSTRIAL LENDERS NEWS, *all nonmembers engaged in the small loan business for profit, will be taken from the mailing list and will no longer receive the* NEWS *unless they subscribe, and pay a dollar a year for it. It is not fair to the members whose dues pay the running expenses of the A. I. L. A., to permit nonmembers to enjoy similar benefits and privileges without bearing any of the cost.*

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HOW I RENEW REFERENCES AND MAKE A LOAN TO A FORMER CUSTOMER.

James A. Lyons.

The subject is one very important step which tends to make or break an account, whether it be a new loan or a recheck. Its future life depends upon the manner in which this recheck is closed. The subject being one that covers so much, it is hardly possible, or would it be fair for me to attempt to take in every angle of this part of our work. However, with your kind indulgence, I will endeavor to render what I am prone to believe to be one of the many practical methods of renewing references and making a loan to a former customer.

We feel that a customer, whether he be a prospective or one who has done business with us before, should be subjected to a close observation when receiving a loan, especially when renewing references. Not because Mr. and Mrs. Jones, the name I propose to use in this case, is not to be considered, nor is it because I know less of their ability to pay and their intentions to honor the obligation they are about to assume; but because it is just possible that Mr. and Mrs. Jones of yesterday may not be the same careful honest people they were on receiving their previous loan, pulling together, as it were, as in the past. It might be possible, the husband is neglecting his home, wife, and family. His habits may be considerably different today than they were upon the receipt of his first loan. It may also be possible he has taken to gambling, inattention to his work, or seeking and harboring company other than his wife and family, taken to drink with many other habits better left unsaid in this article. His wife also is not immune from like faults, but is less liable to fall the victim of such misdoings as would make the loan undesirable, and remember, gentlemen, such decided changes can come over a couple who, in the past, were considered most respectable, industrious neighbors in the community wherein they live in such a short period of time that even their closest friends or their direct families would be quite unaware of just such a condition.

We fully understand and appreciate the fact that such things will eventually become known but it may be in the period between its active existence and its exposure to others, friends and families of either or both that this loan is made. These are some of the reasons I am forced to believe makes it quite imperative that a close inspection of the former customer who is about to negotiate a new loan should be given a most careful survey, and because we, as a supposed benefactor, for that is about all we can be considered in a case where such a condition exists, are committing two great evils. First, we are putting a heavy burden upon the shoulders of one who is trying to row against the current, actuated by the offender of the opposite side, making that life quite miserable by being forced to deprive themselves of the very essentials of life, making the little pleasure of the past enjoyed now only by the mere fact of the word. Their children, if any, are neglected and deprived of the nourishment which tends to make good moral men and women for the future. On the other hand, we, as the investor, run a 100 to 1 shot of ever getting the investment put into this account.

Understand, we are not only losing the money but are responsible for helping along that terrible condition to an end more degrading and more deplorable than when the loan was first made. You fostered and actually paved the way for a future period of this damnable condition. Whereas, by reason of the fact, you thought you knew them and did not see where a little questioning was necessary enabling you to get closer to your customer and their most up-to-date domestic relations.

However, Mr. and Mrs. Jones are politely ushered into one of our closing rooms which are well lighted, neat, and clean. I see they are seated, and instead of rushing through the closing of the loan the moment they are seated in their respective places, I allow them to remain there as long as 5 to 10 minutes when able to do so. My reason for this is to permit them to get acquainted with their surroundings, and take in the general method of our business. Occasionally, their glances are met with one of our employees, whom, I try to have, wear a pleasant expression showing a willingness to render the customer any assistance they may seek. On passing through this closing room, the employee will extend to the party or parties in waiting a pleasant smile with a cheerful "Good morning," and at the same time assure them they will be attended to immediately.

In due time, I take up this Mr. and Mrs. Jones' application by going to our large application file, locate previous account, withdraw same, and place all other papers such as inventory sheet, statement and bill of sale on my desk and only use the latest window application and the former reference paper.

Going into the room quietly, I make it a practice to pass a remark on the weather or say:—"Why you are quite a stranger." Perhaps I will say:—"Did I not see you at such and such a place?" or pass a word of comment on the apparent good health of the customer, etc., all the while taking good care to watch my hearers closely, but not to the point of embarrassment. I just wish to show them they are doing business with people who look the cutomer straight in the eyes, and stand for only what is just as we are believers in the old adage of "right is right, and wrongs no one." At this point I may say that a common practice in my office when I do not handle the applicant myself, is to introduce one of my employees to the customer and assure them that prompt courteous treatment will be given them by Mr. or Miss so-and-so as the case may be, at the same time remarking that they will go over their papers carefully with them, and where discrepancies appear they will adjust them with their assistance, with the assurance that all questions be treated in strict confidence as in the past.

I unfold the application or reference sheet. At this point may I say, we do not term the latter a reference sheet but big application, because as soon as you speak of reference right then and there you leave yourself open for unnecessary questioning, and we have found it preferable to mention large application when referring to same.

I go about checking up the names, keeping the application at a distance so that the customer may not read it with me while doing so. These names, you understand, were given on a previous loan by the customer. I usually begin by saying:—

Q. "Mrs. Jones, your parents are still living with you, are they not?"

A. "Why no, they live at so-and-so address. They have their own home, and have had for some time. When giving you this information, I made a mistake if I told you my father and mother were stopping with us."

While this is said, I have their present address, but never say where they really said they lived at our previous meeting.

Q. "And Thomas, your married brother, and wife, I presume are still at their old address. Giving any address other than the one I have on the papers. This will bring out the correct address of these two without much loss of time. I then take up the other brother, John.

Q. "Your brother, John, where did you say he is living, Mrs. Jones?"

A. Let me see, where does John live? Now, I think he is in the same place."

Q. "And where is that?"

A. "Why, so-and-so address."

We also have his address as he has made no change to date.

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W. Va.—F. H. Withrow, 27 Arcade, Charleston.

Q. "And did you say that Mary, your sister, was married?"

A. "No, not yet. She is still at home."

Q. "And working every day?"

A. "Yes."

Q. "Quite a steady worker?"

A. "Yes."

Q. "What is she doing now?"

A. "Why, I understand she has been advanced to forelady at such and such a place," giving the address.

Q. "Oh, she is working there is she. Where is the factory located. They moved, did they not?"

A. "Not that I know of. I think they are still at such-and-such a place."

At the conclusion of this talk I have the sister's place of employment for future reference if needed. She living home with her parents, whose address I have, makes two addresses on the party. I still find one more sister who is married and living apart from her husband, she staying with her parents but employed, and he with his people and also employed. Here is information we need badly, but, if you notice, we are seeking or making inquiries about one who is at this time an apparent dead issue by reason of the condition; but we, with our experience, feel quite confident the couple that seems to be at odds will eventually come together and mingle as one of the customer's family, and can be called upon for information if the occasion arises. We call her Mrs. Brown, whose name we have on the original application but as living together at her parent's home peacefully, and when I strike the cord of Mrs. Brown and her husband, right away I notice a change in the expression of the party before me, allowing me to surmise at once that something is radically wrong with this pair. I notice the customer under question recovers herself immediately, and I feel free to say:—

Q. "Mr. and Mrs. Brown, I understand, are related to you, are they not?"

A. "Yes, Mrs. Brown is my married sister, but to be frank with you, I do not see where their name should be used in connection with our loan."

My reply:—"Well, Mrs. Jones, I will leave this to yourselves after I inform you that this is but an application form, the completeness, of which, must be obtained, and since I can doubly assure you of its being in strict confidence and the parties whose names I am seeking are absolutely free of all or any responsibility whatever, and that it is necessary that we make your application one complete document, and having assured you of its use, you will not hesitate to give me the information I desire. Understand, Mr. and Mrs. Jones, I am simply following a general ruling of our company, and as soon as I am through with this application, it is numbered and filed away, only to be withdrawn on just such an occasion as today, and in your presence.

This explanation seems to hit the husband favorably, but not so with the wife who insists upon not using or referring to Mr. and Mrs. Brown. But I can see in my mind's eye that she does not object to my taking the sister's name and address; but I want all information on this sister, and the same information on the husband, and, gentlemen, I propose to get it. You fully understand all this happens in less time than it takes to write it. I must think quickly, and I do just that thing by shifting over with this remark.

Q. "She is your twin, Mrs. Jones, is she not?"

A. "Not at all."

Q. "Well, I understand she was and worked in the same place with your sister Mary."

A. "No. You seem to have my people mixed up some."

My reply to this remark is an acknowlelgement at once. In doing so, I will get the following data to the effect that Mr. Brown is employed at a given address, at a salary of so much, and a friend, Mr. Thomas, an attorney, at a given address is getting the sister an order from the court for support or partial support. In addition to this line of information I get what led up to this separation. All the information I started out to get on Mrs. Brown is poured out to me without an effort on my part, because I tackled what seemed to be the largest mountain first and made the second drive on the mole hill, Mrs. Brown, and in addition to this, I placed myself in an embarrassing position by acknowledging my error on her relations. But, what of that? I got what I started out to get and what was expected of me by those who have faith in me, and depend upon my executing their orders generally.

Now, that I have accomplished all needed on Mrs. Jones, I look to Mr. Jones and say:—

Q. "Your parents, Mr. Jones, do not appear here; that is, their name and address. How is that?"

I look at both the customers, and presently Mrs. Jones will say to her husband: "Didn't you give your parent's name and address? I gave mine. This comes with a look from Mrs. Jones which brings out the desired information to the effect that his parents lived at a given address and his father is employed by a certain firm up town, giving the name and address where he has worked for years.

Understand, I did not have the above data by some reason that must go unexplained, but took a chance on thinking they were still in the land of the living and hit it right. On the other hand, had the parents been dead, the question and answer would have come through immediately. Mr. Jones has two brothers, one is married and has a home of his own. I simply ask Mr. Jones, point blank, his brother's name and present address. This question is answered before I finish asking same, but to be sure I get them posted correctly and avoid mixing as I had on Mrs. Jones' side, I go a little further on the subject by inquiring of Mr. Jones if his brother, Charles, as I will name him, does not belong to the so-and-so lodge of which he is a member. While this is information I make note of, it has a double meaning as, you understand, brother, Thomas's whereabouts I have yet to get, and that last remark about the lodge opens a way for further discussion during which time I will edge in on the second brother's present address and place of employment. At this point, I wish to make it known that Thomas's address at the time of the previous loan's consummation was marked upon the application as being unknown.

I imagine it good policy to add one more to this family, a sister. This time the young lady is a widow whose health has been impaired through worry over the loss of her husband and other personal matters, an inkling, of which, I had gotten in the early part of our present interview, but did not know where she was located having no thought of her being in poor health, and did not care to press my people with further questioning when this was first mentioned, leaving it for a further discussion. At length I said, addressing him:—

Q. "You spoke of your sister, Mr. Jones, a moment ago, is she well?"

A. "Coming from the wife as they generally are the first to take up a question pertaining to the husband's side of the house. She goes on to say that the sister had only been married a short time, and was very much devoted to her husband who was taken with a sudden illness resulting in his death. Since this happened, she has gone to pieces, until we found it imperative to end her away.

Hesitation:—

Q. "I am surely sorry for this unfortunate girl, and fully appreciate just how she must feel, and the condition she is in. I further know where a family lives for one another as they did, a circumstance of this nature plays havoc with all your kin. Did she have a good physician?"

A. "Yes, we think so."

Q. "Was he a specialist?"

A. "No. Doctor X (giving his name and address in full) was his attending physician; in fact, he is the family doctor, and insisted upon sending Mr. Jones's sister to Mount so-and-so. I suppose you have heard of this place?"

My reply. I assure her I have and know of the great reputation its name carries, etc. I then make it my business to encourage them along by dwelling on the nature of the illness, assuring them in my experience I have found just such cases would adjust themselves in time, and are not as serious as one would imagine, and my personal wish and opinion was that they would see her enjoy good health again, soon, as I was confident she was receiving the very best medical attention, which would cost considerable, I thought. This remark would bring about the information as to what purpose this money was being used, as the window application simply stated "Personal Use." But now we hear the loan is being used as their personal share donated to help defray the expense of sister's medical attention, etc.

Having accomplished this, I direct my attention to the children of Mr. and Mrs. Jones, their age, sex, and to what school they attend whether it be public or parochial for the purpose of locating the school with as little trouble as possible if the occasion warrants same. I usually make inquiries of the health of the youngsters and what progress they are making in their respective classes, etc. The above information is very easily obtained, as my experience has proven to me that to praise a child or children pleases the mother to say the least, and will help one wonderfully to cement your customer to your line of business or firm which you represent.

I at once get my papers together and arrange same, which consists of Judgment Note and Statement Sheet whether it be as a rentor or an owner as the case may be. This Statement, I mention, bears the signature of both wife and husband, the latter is of course in the capacity of the guarantor and bears this title.

I hand the Statement to the wife requesting her to kindly read same and fill out. If not able to accomplish this at once because of nervousness, I allay her feelings by showing her how it should be done, but insist upon her filling it out herself. If I find she is unable to write, I turn it over to the husband, but try to induce the wife to do the best she can first. In the case where the husband is in the same predicament, I am obliged to fill it out for them at their dictation, and have them both sign, being sure they understand the contents of same by reading it aloud carefully to them, the operation, of which, takes but a very few minutes.

After this is done, I have them sign the Judgment Note after I am convinced they understand the nature of the document. In some cases they show signs of wanting to read it over again to see if it is the same as the previous note they signed. In this case, I insist upon them doing so, rendering any assistance they may need that they may fully understand just what they are doing. This practice is not a new one nor is it one used since the present new small loan law has been in force. I have never, to my knowledge, allowed a customer to sign a paper in my office that I thought did not know what it meant.

These two papers signed, after being properly filled in, I at once ask for a convenient date upon which they wish to repay the loan. In getting this, I am some times forced to help along a decision or solution and will say: "You both are able to decide the date upon which these payments are to fall due, as you are perfectly acquainted with your present financial condition and know when your income to meet your running obligations is available, I would suggest that you select a date that does not conflict with your other bills—rent, etc., because your future credit depends upon the manner in which you repay this loan." They at length fix the date.

During the time they are signing, or about to sign, I ring for a witness to this part of the transaction. This witness, after seeing the customer sign papers, signs also on the line designated and allotted for this purpose. I do the same in the presence of all in the closing room. If, on the other hand, one signs at home, our representative witnesses the signature, and directly under his signature he writes in pencil the following notation:—*"At Home."* This is to show that while done at home, one of our representatives was in his presence at the time. I wish to make it known, at this point, that on all transactions where the wife and husband get the loan, four signatures appear on their papers.

I then request the customer to kindly give me the revenue stamp money, the amount being governed by the size of the loan, in no case beyond $.06. I then have the customer's payment book filled out corresponding with the contents appearing in the body of the Note they have signed. I fold this pass-book, or receipt book as it is termed, and in it I place a copy of each one of the pamphlets of literature which we always have about the office. These pamphlets, I may say at this point, serve a wonderful purpose towards the education of the public. Along with one of the circular cards we are using at the time the loan is accepted and in addition to this, I fold one of our little coupons and place this little business getter in the envelope we use for the purpose of helping the customer keep his payment book clean and in tact, with a short talk on the merit of this little folder. In doing so, I make a special remark to the effect that I am inclosing one of our coupons and do so for the purpose of allowing them to pass the good word along to their fellow-neighbors and friends, and in making use of same by virtue of sending a customer to us, to whom we make a loan, we will gladly send to them by mail or in person, $1.00. This is not in the nature of recompense for their solicitation but as a token of appreciation for the interest shown in the company and willingness on their part to help their neighbor or friend to help themselves. It is a common practice as well as quite essential for a firm to do a little advertising all of which must be paid for, many times falling into the hands of those who do not have the interest of its clientele at heart, but we, *The Guarantee Loan Company,* feel it our duty to set aside a portion of this expense so that the public can be benefited, and doing so, we are adding additional help to them that they may help themselves. And, we assure them they are absolutely free of any responsibility for the party they send to us to whom we make a loan. I further state I want to impress upon your mind that it is the sincere wish of the *Guarantee Loan Company* that you place this money to good use. For if you do, and lay your plans accordingly, you will find it a pleasure to do business with us. Furthermore, if you do as I have in mind you will, I will have the pleasure of noting a saving on your interest each month you make your payment. This will show me you are a customer who intends to discount every month, and will tend to cement our business relations and in part make it a pleasure for me to mingle in your society. In conclusion I want to offer you any assistance you may require, whether it be in the nature of legal advice, domestic problems, more knowledge of our business, or, as a matter of fact, any time you need help of any kind do not hesitate to call upon me first, and I can assure you that the cost of same to you will be the mere request you make.

(Read before the Pa. Ass'n, Phila., Nov. 16, 1922).

HOW I LOOK UP AND JUDGE A NEW APPLICATION.

ARTHUR R. HIGHT.

One of the most important questions confronting those engaged in the Industrial Loan business is "Whom am I to trust?" In our endeavors to decide this question, we seek to learn certain things about the applicant which will allow us to faithfully gauge his desirability as a risk.

Unfortunately, there are very few credit risks that can be termed unquestionably good or irredeemably poor on the spot. It is with the great majority of intermediary hazards that the credit house has to deal. The line of division between the acceptable and non-acceptable risks in this large class depends largely upon the policy of the house. We can all recall an instance of having made a loan, after one of our competitors has turned it down. We find some offices more liberal in extending credit than others. Men also think differently, and are apt to be less exacting as to a certain qualifications than his friend in another office.

Keeping these things in mind, I cannot hope to submit a plan for judging credit risks that will meet with universal approval. Opinions in the matter of judging these risks, large and small, are greatly diversified. It is, therefore, my intention to offer a few suggestions, with the hope that you will discuss them, and out of the ensuing exchange of views will come some helpful suggestions for the benefit of all concerned.

I will consider first the matter of looking up the applicant. It seems to me we are seeking to learn three things about them, namely: Who they are; what they have; and how they pay their bills. It is our first duty to establish unquestionably the identity of the applicants. It is our object to find out "Who they are" in its fullest sense.

In doing this, we should direct our investigation along lines best calculated to secure full information in the shortest possible time, and with the least possible publicity. The rest important points to be investigated are: first, personal character, which includes, (a) Habits of living and spending, with particular regard to the thrift and social ambitions of the applicant's wife. (b) Tendencies to drink or gamble to excess. (c) Truthfulness and frankness in answering questions. 2d, Stability of income, and ability to properly provide for the needs of the family. 3d, General economical conditions of the household, carefully noting any tendency toward extravagance. 4th, Health of the applicants and relations between them, whether congenial, or antagonistic or quarrelsome. 5th, Credit experience, past and present.

How we are to secure this information? We cannot secure a rating from a Commercial agency, inasmuch as these organizations only carry the names of more or less substantial business houses. We must depend entirely upon an oral investigation, the value of which depends largely on the equipment and personality of the investigator. Results will usually be commensurate with his efficiency. The efficient appraiser is brief and tactful, and is quick to grasp the significance of facts. He will gain many a tip from his personal observation.

Personally, I do not think well of inquiries among the applicants' neighbors, if it is possible to get results elsewhere. The corner merchant, is in business much the same as we are, and is more apt to be in sympathy with our desires. This is especially true if he is doing a credit business. The average grocer who has had unsatisfactory experience with your applicant is sure to open up, and tell you the story, if he is approached politely and tactfully. In his attempts to collect what is due him, he often gathers other information about his customer which will be valuable to you. If it happens that you contact a grocer with whom the applicant does not deal, he can usually direct you to the store where they do deal. With him, our desire that the matter be treated confidentially is also more apt to be respected.

Does the landlord live in the neighborhood? He is a good man to talk to, and often can tell you just what you want to know. I have often stopped a passing milkman or bread-man who has told me his opinion of the applicant in question.

Neighbors are brought into our confidence only as a last resort, when all other attempts at enlightment have failed. Information of this kind can be depended upon only according to the measure of friendliness between the informant and the applicant. If there happens to be enmity between them, we can only look for an enlarged or distorted opinion of their character. On the other hand, a neighbor who is exceedingly friendly with the applicant may exaggerate the real condition of things, and advance misleading information.

Appraisers should therefore, be careful to consider the reliability of all information, and the character and dependability of the informant. In contacting the neighbor, it is always a good idea to verify statements made by the applicant concerning the husbands position, income, steadiness.

And, finally, it is the duty of the appraiser to turn in a report that has covered all details, and leaves nothing for the manager to guess about. The appraiser who is thorough will greatly facilitate the work of the manager in judging risks, at the same time contributing his share to the building of a clean business.

The final judging of the risk is based on the information contained in the appraisers report, and can be reached best by careful attention to the following essentials: Character, ability, and capacity. Character is the essential of primary importance. It is the essence of the credit problem, for you will find that men or women deficient in character cannot be trusted.

It goes without saying that the loaning of money on security such as ours should be restricted to the trustworthy. I, personally feel that more stress should be laid on the character of the applicant than on the amount of the appraisement. I would much rather make a $200 loan on a $60 appraisement where evidence of good character is obvious, than a $60 loan on a $200 appraisement where the applicant is of questionable character.

In taking this attitude, I have considered the effect that a large loan on a small appraisement may have on the borrower. It is true that the tendency to respect an agreement is stronger with those who have offered the strongest security, and yet, in the end you will find that your only occasion to foreclose on security has been due to wilful negligence, or lack of character on the part of the borrower. In short, it is my opinion that, when you have proven conclusively the good character of the risk, and his ability to pay, you have excellent security for your money, even though the appraisement is low.

The purpose for which the money is used is also a very important consideration. People who put their money to good use, and profit by the use of it are usually good accounts.

The Loan man, however, must not only feel sure of the character of a prospective borrower, but must also possess a reasonable knowledge as to his ability to make good the terms of his agreement. In other words, after we have become satisfied of the good moral qualities of the applicant for credit, we must then decide how much credit can be given. What is their capaciy? If he is given too much, we might do more harm than good.

To gauge the credit capacity of an applicant, we must attempt to establish a ratio between the amount of his income, and the sum total of his obligations. The data necessary to secure this information is sometimes found in past experience. At any rate, we are satisfied that we cannot gauge their repaying ability by knowing their income alone. We must have some knowledge of the demands made on his income.

I might say that the recent developement of the "Exchange Bureau" has been an exceedingly important step in this direction. Information secured from this source is often a deciding factor in judging risks, inasmuch as we receive valuable information regarding the obligations of our applicant. It also affords an excellent protection against the disaster which sooner or later accompanies the over loading of the irresponsible borrower. Those of us who are members of the exchange are certainly better equipped to judge an application than those who are not, simply because we have access to more complete information about that class of borrower who has had other loans.

We can never hope to eliminate the element of risk, although it can be lessened substantially by our willingness to support this movement or any other movement for improved equipment, in the shape of reliable records.

In the final analysis, the controlling factor in extending credits is confidence, which is our final assurance as to the debtors ability and willingness to meet his payments promptly.

If after carefully considering the contents of the appraisers report, we are inclined toward confidence in the applicant, we are usually safe in making the loan.

In conclusion, it is well for us to judge our risks in an open-minded, unprejudiced fashion. Let us forget our personal likes and dislikes, and give every application careful consideration. Even as we are careful that dishonest persons are apprehended and refused, so should we be doubly careful that no worthy persons are denied the advantage of our service. It would be a serious matter indeed if we were to refuse an accommodation through the faulty judgment of our managers or the carelessly secured and erroneous information of the appraiser.

It is the appraisers job to look up the risk and the managers job to judge it. If the appraiser has done his work conscientiously and thoroughly, the matter of judging it will be made comparatively easy.

(Read before the Penna. Assn., Philadelphia, Nov. 16, 1922.)

COMMUNICATIONS.

Sioux City, Iowa, November 23, 1922.

Dear Mr. Kehr:

I have read with much interest the article written by Geo. W. Curry in the November Industrial News on "How I Look up and Judge An Old Customer's Application."

Mr. Curry has written an article to which he undoubtedly has given considerable thought. The topic upon which he has prepared his paper is one that would make a splendid discussion or debate. His method is more logical than practical, and I question if he practices what he preaches, as I am unable to agree with him with reference to looking up an old customer's application or a new application by referring to two of the neighbors and three merchants.

We are in business to render a service to humanity; a service of loaning money. We like to believe in people, sometimes they take advantage of us and we have lost money because of it. We find that when we lose money by being misled by our faith in people, we afterwards make more than we lost because of that faith. It is understood by the nature of our business that it is confidential, whether or not we advertise confidential loans, and when two neighbors and three grocery stores have been canvassed, everyone in the community will know all about the applicant applying for a loan, and the injury to the applicant and the future growth of the business will be severe.

Statistics gathered by those who have made a special study of Psychology find that 95 per cent of the people are honest and meet their obligations; three of the 5 per cent had good intentions to pay at the time the transaction was entered into, leaving only 2 per cent that could be classed as dead-beats and criminals. A large percentage of our business comes from renewals of old loans, or loans partially paid off, and anyone that has self respect resents having their affairs become public, especially in money matters, and the information which is received from the small merchant on the corner, is not to be taken very seriously, as has been explained in his paper.

We judge an old customer, not entirely by his former dealings with us, but by obtaining a new rating from the Rating Bureau, which is managed through Retail Credit Men's Association, and in that rating it will bring out the facts pertaining to the true condition of the borrower. I do not think that it is fair to the applicant, whether it is a new loan or renewal, to make inquiry from the neighbors and dealers where he does his trading, as it has a tendency for them to immediately mistrust their customer and making inquiry from his neighbors will affect his standing among them and create a gossip that will do him injury, as well as the company making such inquiry, and I would regard it intolerable if I were put in the position of the borrower and the loan office would make inquiry referred to in Mr. Curry's paper, and how can the business ever hope to be dignified, elevated or uplifted by such tactics, and for the benefit of those who have had limited experience in the business, I feel justified in expressing my views pertaining to the subject, as we have been in business over ten years, and at the present time making 250 loans a month, with an average loss of less than 1% on amount loaned.

I can state pertaining to our own business, and my instructions have always been, it is better to make a doubtful loan than to turn down a good one, and whenever there is a question of doubt as to whether to make the applicant a loan or not, it has always been made. These however do not come often, as it is seldom that we cannot decide without any question. Service in our business is just as essential as money itself, and it is necessary to have an office not only well equipped with suitable furniture, being in a convenient place, but equipment such as interest calculators so that payments can be made in the shortest time and mistakes eliminated to the minimum.

I trust that my criticism will be accepted, as I intend it to be constructive, with no feeling except a friendly one for the author, and I trust that some time I will have the opportunity of meeting Mr. Curry, and I feel that I can learn much much from him, and want to praise him for his laudable attempt to prepare a paper on a subject that he felt would bring out a difference of opinion by his opening remark: "Fools rush in where angels fear to tread."

Yours very truly,

A. LESLIE WHITMER, *Sec'y-Treas., Iowa I. L. Ass'n.*

SIOUX CITY, Iowa, November, 20, 1922.

BAKER & COMPANY,
Chicago, Ill.

Dear Mr. Baker:

I am sorry that we have put you to so much bother endeavoring to collect our Nick White loan which should have never been made, and as the loan is small I think it best to just forget about it, as the gentleman has showed his intentions of beating us out of the claim and although we show a chance of collecting it with your splendid co-operation it would undoubtedly cost many times the claim.

I want to thank you for the effort which you have made and the trouble your office has been put to. Your willingness to assist us means more than collecting the claim.

Yours truly,

PROVIDENT LOAN ASSOCIATION.

PHILADELPHIA, Pa. November 21, 1922.

Dear Mr. Kehr:

As Exchange Bureaus are now established in Newark, Jersey City, Scranton, Wilkes Barre, Pittsburgh, Philadelphia Baltimore and Indianapolis and are to be established in Reading, Providence and Pawtucket, would it not be well to insert a notice in the *Lenders News* that anyone having skips in any of these cities to immediately forward the name and such information as they have respecting the account, to you as National Secretary. Then you forward it promptly to the secretary or one of the officers of the Exchange Bureau in the town in which the skip is supposed to have moved

We are prompted to recommend this as the result of a skipper from Wilkes-Barre to Philadelphia, owing five companies $1294, and they applied for a loan of $80, immediately on arrival here. The Exchange Bureau put a crimp in this fellow's desires, at least so far as the members of the Exchange Bureau are concerned. There are some companies still outside and there is a possibility that this fellow was able to get his loan from one of these non-members.

We thank you for this co-operation.

Yours very truly,

C. H. WATTS.

CREDIT UNIONS.

Under the caption "Credit Unions For Small Loans," Samuel Crowther, contributed to the December System Magazine, an interesting article on this branch of finance. All wide awake members should read this article for their own education.

A. V. HART PICKED TO LEAD LENDERS ASSOCIATION.

Prominent Stonehurst Citizen Elected to Chairmanship of Big Organization.

A. V. Hart, of Marlborough road, Stonehurst, was elected chairman of Pennsylvania Industrial Lenders Association for 1922, at the annual banquet of the organization at the Bellevue-Stratford on Thursday evening, November 16.

Mr. Hart, who is only 39 years, is the youngest man to have ever held this important office. Alfred S. Ezekiel, of Philadelphia, was chairman of the organization last year.

The association was formed seven years ago in Philadelphia for the purpose of uplifting and dignifying the loan business in the State. Another important duty of the organization is to work for the elimination of the loan shark evil. All members are under the supervision of the Banking Department of Pennsylvania and affiliated with the American Industrials Lenders Association with headquarters in New York.

Mr. Hart is active in many local business organizations. Besides being president of the Hart Loan Society, he is also township auditor of Upper Darby, treasurer of Highland Park Building and Loan Association, director of Llanerch Building and Loan Association, secretary of Highland Park Fire Company, and secretary of Upper Darby Township Boosters' Club.—*Township News, Upper Darby, Pa. Nov. 24, 1922.*

NATIONAL CONVENTION.

NEW BEDFORD, Mass. November 22, 1922.

Dear Mr. Kehr:

At our last meeting the Association voted to go on record as favoring the third week in September as the time for the National Convention, a Middle West City for the place and to be financed by the American Association.

Very truly yours,

H. G. DESORMAUX,
Secretary, Mass. I. L. Ass'n.

ATLANTA, Ga., November 10, 1922.

Dear Mr. Kehr:

At the regular meeting of the GEORGIA INDUSTRIAL LENDERS ASSOCIATION held in Atlanta Thursday evening November 9, 1922 the letter of our National Secretary in re expenditures and the place of the next National Convention was read and discussed at length.

The following resolution was accordingly adopted:—

Resolved that the next National convention be held in Pennsylvania possibly Pittsburgh; that the costs of said Convention be not more than three thousand dollars ($3,000.00) and that the National Association bear all expense and act as hosts to the State Associations.

Very truly yours,

B. L. LASSITER,
Sec'y Georgia I. L. Ass'n.

LYNCHBURG, VA., *November 23, 1922.*

Dear Mr. Kehr:

Replying to your letter of November 2, relative to the methods of financing the AMERICAN INDUSTRIAL LENDERS ASSOCIATION CONVENTION next year, it is probable that we may deem it advisable to call a meeting of the Virginia Industrial Lenders before the present year expires, in order that we may take up the matter of financing the convention of the National body. When the Virginia Lenders have expressed conclusively their views, I will inform you.

Let me say that personally, I believe the plan of the different state associations assuming one-half of the expenses on a pro rata bases, to be an advisable one. I agree with Mr. Whitmer and Dr. Mueller, that the entertainment feature of the convention of 1922 was to some extent top-heavy, and that less money should be used for this particular feature, as it is obvious that the purpose of the convention is, the association of business ideas as a body of loan men, and less entertainment would in no manner detract from the value of the association.

I am taking up this matter of the opinion of the Virginia Association with the executive body in order that we may be able to answer you no later than the first of the year, and perhaps earlier.

Very truly yours,
C. M. Garrett,
Secretary Virginia I. L. Ass'n.

Baltimore, Md., November 23, 1922.
Dear Mr. Kehr:

At a meeting of the Executive Body of our State Association to-day, the writer was instructed to advise you that we recommend not spending over $3,000 in financing the National Convention in the future. Half of this amount to be raised by the State Associations, and the balance paid out of the National Treasury.

September is an ideal month to hold a Convention. It was the consensus of opinion that Atlantic City would be the most desirable place to hold our next National Convention, providing it was held in the East.

Very truly yours,
H. C. Moore,
Sec'y Maryland I. L. Ass'n.

MARYLAND.

The November Meeting of the Maryland Industrial Lenders Association was held on Tuesday November 14th at 8 p. m. in the Board Room of the Merchants and Manufacturers Association.

In the absence of Chairman Larsen, Vice-Chairman Snyder presided.

The minutes of the meeting show that there were present, J. J. Wood, Community Finance Service, E. E. Hougham, Cooperative Loan & Investment Co., W. F. Oliver, Jr., F. M. Ebert and C. R. Hathaway, Household Loan Co., Lewis F. Eckhardt and Roy T. Baseman, Peoples Loan Society, H. C. Moore, A. L. Wick and E. F. Moore, Chesapeake Loan Co., F. B. Snyder and L. E. Pope, Beneficial Loan Society and H. T. Mattingly representing the Surety Guarantee Co., Commercial Guarantee Co., and the Reliance Guarantee Co.

A lengthy discussion took place by most all present upon the goodness of the Association going on record as favoring and observing the following holidays in their offices:—

New Years Day, George Washington's Birthday, Decoration Day, Independence Day, Labor Day, Armistice Day, Thanksgiving Day and Christmas Day.

Upon motion by Mr. Wick that each member observe the holidays as given, seconded by Mr. Hougham, and unanimously carried. The Secretary ordered to do so record the holidays as given with the minutes of this meeting.

The Secretary read a letter from Chairman Larsen expressing his regret on being unable to be with us, and expressed a wish that business conditions would permit him meeting with us occasionally.

The subject was discussed as to the time, place and method of financing the next National Convention. It was recommended that not over $3,000 be spent in financing the National Convention in the future. Half of this amount to be raised by the State Associations, and the balance paid out of the National Treasury. All members agreed that the latter part of September was an ideal time to hold a Convention. It was the consensus of opinion that Atlantic City would be a most desirable place to hold our next National Convention. The matter did not come to a vote, so the Chairman instructed the Executive Committee to discuss the matter and notify the Secretary, who would advise Mr. Kehr, our National Secretary as to what our views were in the matter.

The Secretary advised that the Entertainment Committee had secured Mr. W. F. Oliver, Jr. to prepare a paper. Mr. Oliver being called upon, read a most enjoyable paper as follows:—

SOME HINTS TO HELP AND IMPROVE THE OUTSIDE MAN.

An outside man fills an important, as well as essential post in the modern loan office. His duties are many, and the manner in which he bears himself, first as a gentleman and then as a painstaking and thorough investigator, often has a very considerable bearing on the quality of business that is carried on the books as loans, in the office in which he works.

His work lies most upon the outside, where it is his duty to look up loans, call upon delinquent borrowers, locate skips and in fact be the link which provides the office with a mass of information it constantly requires in the detail of his work. How well he does these things is often reflected in the standing of his office, both as to kind of loans that are made, their promptness in meeting payments and the absence of skip cards in the outside routes.

Often bad payers when handled with good common sense by the outsideman can be shown or induced to pay upon their overdue accounts and thereby save money for their firm. The hostile or discontented borrower who has a grievance, can be pacified and be gotten in touch with the office for this must always happen if the money is to be collected as it should be. Talking with these people in their homes or at their work or wherever it is necessary to see them, means that an outside man with good solid common sense can do wonders to help in the collection of an overdue account, if he is a fellow who does not fly off the handle too quickly, but uses sense and judgment instead to help him get what he is after.

"Bawling" out a slow may give some outsideman satisfaction, but it is expensive to the firm that employs him. Nobody ever induced a bad payer to get busy and pay in that way, and what is worse, such conduct closes the door against him the next time he calls. The right way is to listen patiently and let the person called upon tell their story, after which the outsideman can show them the reasons why they are wrong, and the importance of their obligation and the need of attending to it in a businesslike way.

Locating "skips" is often done best by not raising a big fuss about it, but go quietly to work and have a supreme confidence in your own ability to locate your party. Believe in yourself and your confidence will find its reflex in results you get. Never give up and say "this one is gone." They are only "gone" as long as you admit they are. Be diplomatic, neat in appearance, polite, firm and have lots of patience. Take plenty of time on an old account, and just as much as on a new card in your pack. Don't forget the old money is needed just as much by your office as the new delinquent past due payment.

Be a "sticker" and put all your time on your work. Don't use your employer's time by attending to your private affairs while on the street, unless you ask your manager's permission in the morning.

Be proud of your office. Uphold the loan business you are engaged in to the public, and to the firm's customers you call upon in the day's work. You have a future in the business, and you outsidemen will be the managers of to-morrow if you work hard and faithfully. A great deal depends upon your look-up on the outside, for the inside force is partly depending on your thoroughness in your look-up.

W. J. Oliver, Jr.

Mr. Oliver was complimented by several members on the thoroughness with which he handled the subject.

The remainder of the evening was turned over to the outsidemen, and we had many interesting experiences told in their original way of their success in taking care of the outside work. Special stress was laid upon locating skips, receiving applications over the telephone or by mail, also the advisability of taking a reference sheet at the time the application was received or when the deal was closed. It was received with surprise that one member was running a large office successfully without the aid of a reference sheet. Mention was made of he fact that he had few skips in his office.

The outsidemen furnished much food for thought, and offered many suggestions in the way of improving collections.

It was a most enjoyable meeting, ranking 100% from an educational standpoint. Those who failed to attend, are the losers.

Upon motion by Mr. Woods, seconded by Mr. Mattingly, the meeting adjourned until Tuesday evening 8 o'clock December 12th. H. C. Moore, *Secretary.*

MORE ADDRESSES WANTED.

John Hipp, last known address Detroit, Mich. Jno. Kolobus, last known address Kenosha, Wis. Sam Carleton. Jno. Rodgers, colored. Walter Nallenweg, somewhere in Canada. Arthur Ransom, baker by trade, last heard from in Detroit. Thos. Levendoski, last address Detroit, Mich., easily identified by pox marks all over face. Geo. Deckert, blacksmith by trade.

If any member locates any of the above, please notify the National Secretary.

WAYS TO LOCATE A SKIP.

During the past month inquiries continued to come from many sources for "Ways to Locate a Skip." Among those served are the following: P. B. Leverich, Cincinnati, Henry Salant, New York City, J. H. Wurtenberger, Little Rock, Ark., R. A. Churchman, New Orleans, La., V. G. Wise, Tulsa, Okla., J. C. Perry, Topeka, Kansas, R. L. Sweany, Kansas City, Kansas, Local Loan and Investment Co., Knoxville, Tenn., R. L. Wilson, Ft. Worth, Texas, L. A. Olsson, Dallas, Texas, Roy M. Cox, Houston, Texas, and J. R. Cobb, Oklahoma City, Okla.

Ten cents in postage will bring a copy to anyone else who wants it.

SMITHS FACTS ABOUT THE SMALL LOAN BUSINESS.

Inquiries for Mr. Smith's pamphlet were received recently from the Delaware State Banking Department and Dr. John M. Glenn, general director of the Russel Sage Foundation, Columbus Loan & Mortgage Co. Any non-members can obtain copies at ten cents each upon application to the National Secretary. Complimentary copies will be sent to any public official or public welfare organization.

CONNECTICUT.

The regular meeting of the Connecticut Association was held at the Hotel Bond, Hartford, Wednesday, October 18th at 1:30 p. m. where an appetizing luncheon was served.

The meeting was called to order by Chairman O'Brien, at 2:30, and those present were National Chairman, R. M. Rutherford, Aaron Berman, Alan Dolliver, and Messrs. Hawinkson, Kendall, Bitting, Scarpa, Sanderson and Devine of the Beneficial Loan Society, and O'Brien, Edwards, Prarie, McMullin and Roberts of the Equitable Industrial Loan Society.

The *Membership Committee* reported the following applications:

Beneficial Loan Society, Stamford; Mutual Ind. Loan Society, Hartford.

The applications of both parties were accepted.

The resignation of George C. Young of the Publicity Committee, was accepted, and the Chairman appointed Mr. Bumsted of Bridgeport in his place, and instructed the Secretary to notify Mr. Bumsted, who was not present at the meeting.

The resignation of Mr. H. P. Stephenson of the Executive Committee was accepted, and the Chairman appointed Allan K. Dolliver to succeed him. The Chairman also appointed Mr. Scarpa, of Waterbury to the Executive Committee.

Mr. A. S. Edwards, of Waterbury, gave an interesting talk on "Psychology of Intuition in the Loan Business."

Mr. Dolliver, of the Beneficial Loan Society also spoke.

Our newly-elected National Chairman, Mr. R. M. Rutherford, read an interesting clipping from the New York *Times*, entitled, "The Country Banker"—which was one of the subjects at the recent Bankers Convention in New York City.

On the subject of "Taking a New Application," one minute talks were given by the following: Edwards, Hawkinson, Kendall, Scarpa, Devine, Roberts, Bitting, Sanderson, McMullin, Dolliver, and O'Brien.

It was voted that the members of the Association, in their different cities get together and arrange for the exchange of information regarding new applications received to prevent customers doubling their accounts.

The Secretary was instructed to write Mr. Hougham, at the Co-Operative Loan and Investment Co., Singer Building, Baltimore, and secure information as to how the exchange works in the Baltimore territory. The Secretary was also instructed to advise the members what Mr. Hougham replies.

The Secretary was also instructed to send the National Secretary, Mr. Kehr, a full report of this meeting, and also see that notice of meeting was put in the papers of each City where members have offices.

The Chairman assigned the following subjects and speakers for the next meeting.

"How to Handle Collections"—Mr. Bitting.

"How to Educate Clients to Pay Promptly"—Mr. Sanderson.

"How Can we Improve Ourselves to Give More Efficient Service."—Mr. Kendall.

"Handling the Skip."—Mr. Scarpa.

The Secretary was instructed to secure a price from the National Chairman on 1,300 copies of, Reginald Heber Smith's booklet, *"The Facts About the Small Loan Business,* and the *Scientific Rate of Fair Charges."* The Secretary to use his own judgment regarding ordering, after receiving the price.

H. G. McMullen, *Secretary.*

PENNSYLVANIA.

The annual meeting of the Pennsylvania Association was held in the Red Room of the Bellevue-Stratford Hotel, Philadelphia, at 10 a. m. Thursday, November 16th.

The meeting was called to order by Chairman A. S. Ezekiel.

Fifty members were present at the morning session.

At this time the Chair announced the attendance of R. M. Rutherford, National Chairman, and on order of the Chair, Mr. Young escorted Mr. Rutherford to the platform amid applause.

Report of Officers.

The Treasurer reported on hand, November 13, 1922, $903.38.

The Secretary reported a membership of 84—83 in good standing as of December 31, 1922; 50 are also members in good standing of the American I. L. Association as of February 1, 1923.

Unfinished Business.

Mr. Young, Chairman of Delegates Committee to the New York Convention of the American I. L. Association, made a thorough and comprehensive report of the activities of the Convention, which, on motion of Mr. Horn, seconded by Mr. Roberts, was accepted and the Committee ordered discharged with thanks.

Mr. Herron of Philadelphia, a member of the Local Committee urging the establishment of Exchange Bureaus, reported on the activity of the Exchange Bureau in Philadelphia and elsewhere, and continued to recommend to our members the establishment of such Bureaus in their cities. Information respecting the establishment of Exchange Bureaus may be obtained by addressing the Secretary. Following Mr. Herron's report, Messrs. Gatter, Goldman, Cronk, Mueller and Bachofer spoke favorably on this important subject.

New Business.

On motion of Mr. Moore, seconded by Mr. Burt, the following were elected to membership as of this date—Community Finance Service, Inc., 216 S. 52d Street, Philadelphia, American Saving and Loan Company, 1325 South Broad Street, Philadelphia, Beneficial Loan Society, Broad and New Streets, Bethlehem, Note Loan Company, 1237 Market Street, Room 205, Philadelphia.

The Secretary read a communication from National Secretary Kehr, in which he advised of the discontinuance of free subscription to members of our organization who are not members of the American I. L. Association, and making inquiry whether the Pennsylvania Association wish to subscribe for the Lenders News for such members. On motion of Dr. Mueller, seconded by Mr. Rutherford, it was agreed that the Pennsylvania Association would not subscribe for the Lenders News for members of the Pennsylvania Association who are not members of the A. I. L. Association.

The Secretary read a communication from National Secretary Kehr, on the matter of the next annual meeting place, the time of the National Convention, and how in the judgment of our members it should be financed. Following a lengthy discussion, on motion of Mr. Hart, seconded by Mr. Wick, the matter was referred to the incoming Executive Committee with power to act.

On motion of Dr. Mueller, seconded by Mr. Devine, the Secretary was authorized to invite members having skip accounts in cities where Exchange Bureaus are operated to send him the names and other information that he might have it recorded in the Exchange Bureaus' files and in this way avoid further doubling up.

This being the Annual Meeting a report of Chairman Ezekiel was read, by the Secretary, and on motion of Dr. Mueller, seconded by Mr. Harris, was accepted, with a vote of thanks, and ordered placed on file.

The annual report of the Secretary was read and on motion of Dr. Mueller, seconded by Mr. Bachofer, was ordered approved and spread on the minutes of this meeting.

The annual report of the Treasurer was then read, and on motion of Dr. Mueller, seconded by Mr. Hutchins, was ordered accepted, and made a part of the minutes of this meeting.

The above report was approved by Auditing Committee.

C. R. Fahringer.
M. Hartman.

The annual report of the Membership Committee Chairman Mueller was read and motion of Mr. Lyons, seconded by Mr. Burt, was ordered accepted, placed on file and a vote of thanks tendered the retiring Chairman.

The Morning Session was then recessed for Luncheon, at which there were sixty present. A stirring address by Mr. Joseph H. Hagedorn, Chairman of Civic Affairs Committee, of the City Club, Philadelphia, was much enjoyed.

Promptly at 2:30 p. m. the Afternoon Session was opened by Chairman pro tem Moore. The Chairman appointed Messrs. Kehr, Harris and Bachofer as a Nominating Committee.

The annual report of the Legislative Committee Chairman Kehr was then given, and on motion of Mr. Young, seconded by Mr. Roberts, was accepted with a vote of thanks.

Entertainment Committee Chairman Webster's report was read by Mr. Gatter, and on motion of Mr. Moss, seconded by Mr. Young, was accepted with a vote of thanks.

Executive Committee Chairman Moss' report was then given and on motion of Mr. Young, seconded by Mr. Gatter, was accepted with a vote of thanks.

On motion of Mr. Young, seconded by Mr. Millard, the Executive Committee was authorized to inquire into, and to make such recommendations as would be helpful in determining a maximum amount of newspaper advertising space to be used by our members.

The Nominating Committee made the following report: Executive Committee, for the coming year, Messrs. Webster, Hart, Herron, Mueller, Reeves, Moss, Ezekiel, Alcott and Watts. On motion of J. G. Lobb, seconded by Mr. Alcott, the Committee was tendered a vote of thanks and dismissed.

On motion of Mr. Moss, seconded by Mr. Bachofer, the Legislative Committee is authorized to use its own judgment in the handling of all legislative problems.

On motion of Mr. Kehr, seconded by Mr. Young, the suspension of the By-Laws was authorized and that the Convention proceed immediately to the election of officers.

On motion of Mr. Ezekiel, seconded by Mr. Wick, the Secretary was authorized to cast one ballot in favor of the following officers for the ensuing year: A. V. Hart, chairman, Walter Herron and C. G. Mueller, vice-chairman, C. H. Watts, secretary, P. B. Reeves, treasurer.

The Secretary reported having cast one ballot for the above officers who were duly declared elected.

Chairman Ezekiel then presented the Loving Cup Trophy for the largest membership attendance at the Annual Convention of the American Industrial Lenders Association in September. Pennsylvania having had 77% of their members in attendance. The Cup was presented to the incoming Chairman, who shall be its custodian during his term of office.

The business part of the program having been completed the meeting then listened to a splendid paper by Mr. Arthur R. Hight, Community Finance Service, Inc., Philadelphia, on "How I Look Up and Judge a New Application." On motion of Mr. Gatter, seconded by Mr. Young, a vote of thanks was tendered Mr. Hight and the Secretary instructed to turn it over to the Lenders News for publication.

Mr. James A. Lyons, Guarantee Loan Company, Philadelphia, then delivered a splendid paper, followed by much discussion, on "How I Renew References and Make a Loan to a Former Customer." On motion of Mr. Young, seconded by Mr. Bachofer, a vote of thanks was tendered Mr. Lyons and the Secretary ordered to deliver the paper to the Lenders News for publication.

The Annual Dinner and Entertainment was held in the Clover Room at the Bellevue-Stratford Hotel, at 6:30 P. M. and enjoyed by members, friends and guests.

Among those at the Speaker's Table were Judge J. Willis Martin, Philadelphia; Dr. Louis N. Robinson, Swarthmore; Dr. E. J. Cattell, Philadelphia; W. G. Wood, former chairman; R. M. Rutherford, chairman, American Industrial Lenders Association.

C. H. Watts, *Secretary.*

INDIANA.

The Semi-Annual Convention of the Indiana Association was held at the Claypool Hotel, Indianapolis, Wednesday, November 15th with a banquet at 6:30. We had as our guests, E. W. Rodgers, secretary of the Bankers Trust Co.; C. M. Lemon, secretary of the Farmers Trust Company; H. A. Schlotzhauer, president of the Commercial National Bank; Dr. Jos. Guenther of the Legal Reform Bureau; A. G. Lester, an official of the Kahn Tailoring Co.; C. W. Camp, Elmer Johnson, Frank Mellis and a few others. The banquet attendance was 50.

Our meeting opened with a luncheon at 12:15 at which 28 were present. Immediately after the luncheon we adjourned to the Palm Room where the minutes of the last meeting were read and approved. The matter of the Conventions of the American Association for the future was discussed at some length and a motion was offered recommending to the American Association that the expense be limited to two thousand dollars in the future; one thousand to be paid by the American and the balance of the expense to be paid by the State Association entertaining. The treasurer reported all bills paid to date and a balance of $3,125.95. The secretary reported 102 members, 74 paid to date, 28 delinquent No further reports, the question box was opened and the following questions were asked and opinions given.

Q. How many owners will have their managers at the May convention?

A. All agreed to have them attend.

Q. Are the Farm Loans 50% of the Business in Indiana? What success would Credit Unions have among farmers?

A. About 50% of the business are farm loans in smaller cities having a population around ten thousand, but in the larger cities a very small per cent are farm loans. No answer to the second part of the question.

Q. Do you not think it advisable to figure interest 30 days each month than exactly the number of days between payments?

A. The general opinion is to figure according to days.

Q. Does a neat and well-furnished office get business and help create favorable publicity?

A. It was the unanimous opinion that it does.

Q. Why cannot the present law be amended so that household goods may be replevined, especially from a third party?

A. It would be necessary to have a legal opinion on this question.

Q. How many offices are coöperating with Dr. Robinson? How many know about his survey?

A. A good many are, a good many did not know about the survey and the secretary took the names of those that wanted to reach Dr. Robinson.

Q. How do you get new business?

A. Look for it in a persistent way.

Q. Should colored people be discriminated against?

A. No.

Q. Is it good policy for a chattel company to enter the auto Finance Field?

A. The opinion is that it is a different class of business and should not be connected with the chattel business. It it not generally done.

Q. For the good of the business are there too many companies in this State? Which hurts the worst, competition in small towns or a city like Indianapolis?

A. As long as customers are not overburdened or doubled, it makes no difference.

Q. Does the membership of this Association feel our business should have closer supervision.

A. Unanimous. Yes.

Q. Is it advisable to discontinue the use of receipt cards and issue receipts for each payment?

A. Opinion divided.

Q. Should a loan company follow the rules of banks in closing every legal holiday?

A. That should depend upon local conditions and the rule should be followed accordingly.

Q. Can a married woman mortgage her personal property without the consent of her husband?

A. If so, it would not be good policy.

Q. Do the members present favor one or two meetings a year?

A. It would necessitate changing of by-laws.

Q. Do managers favor loans made in payments longer than one year?

A. Divided opinion.

Q. Will a furniture store lease hold good over a chattel mortgage?

A. Yes.

Q. Is it advisable to transfer an account to another company in another city, immediately after he moves?

A. Yes, by all means, but notify them at least.

Q. What advantage of using a car on the outside?

A. A broad question.

Q. Explanation of the Indianapolis Exchange.

A. Referred to Mr. Farrington.

Q. Do you think it a good idea to overload a man even though he has the security?

A. No.

Q. How can the chattel business in a town of five thousand be increased? What side lines can be handled in connection with the chattel loan business at a profit and not increase the overhead?

A. Insurance, real-estate and use every method of advertising.

Q. What is the real purpose of the Association?

A. Coöperation—Raising the standard of the loan business upon the highest plane.

Claude H. Stratton Was Toastmaster.

At the Banquet two very interesting addresses were given by Dr. Joseph Guenther of New York City, Field Secretary of the Legal Reform Bureau and The Honorable Charles A. Bookwalter, who was the principle speaker of the evening.

Dr. Joseph Guenther elaborated on the fact that it would be necessary that more publicity and educational work be done if we were to raise the standard of business upon the level of that of the banks and other financial institutions in the estimation of the public. He showed the progress that the business had made in the last five years and expressed himself that we were entering upon a new period "The Industrial Period," that the small loan business had an opportunity of proving its worth to the industrial worker, the same as the bank does to the larger business.

The Honorable Charles A. Bookwalter in his characteristic way said that he received an inspiration from the address of Dr. Guenther, that two or three booklets sent him by the Association in order that he might know more about the business had convinced him that the business was a necessity. For the last three evenings he had read and re-read those books and that more publicity of this kind should be given the public in order that they might have a more thorough understanding of the business. He went into detail regarding the industrial worker and referred to his early life when working at his trade, (printing). How some one in the shop always financed the men, but at rates that would startle the present loan man. In order to sell your problems to the public, it will be necessary that you distribute educational propaganda to the thinking public. Nothing would be a better investment than spending money with the printer.

C. M. Lemon of the Farmers Trust Co. said that it was service you were selling which justified the rate of interest, as the loans were too small to consider interest only.

Charles A. Camp, Banking Commissioner in his few remarks said that not one single complaint had been made against any member of the Association since the May convention.

There will be a managers meeting held in Fort Wayne some time during the month of February. Ample notice will be given every member of the Association. In planning all meetings of the State Association, it is the earnest desire of the Secretary to have the complete coöperation of every member. It is needless to say that you get out of the Association exactly what you put into it.

ILLINOIS.

THE REGULAR QUARTERLY MEETING OF THE ILLINOIS ASSOCIATION WAS HELD AT HOTEL MORRISON, CHICAGO, OCTOBER 27, 1922.

As this was the first regular meeting since the new officers were elected, Ex-President Albert Snite opened the meeting with a very appropriate gavel presentation speech, which was responded to by President Woll, who expressed for the entire Association deep gratitude for the splendid and unselfish service rendered in behalf of the Association and its members by Mr. Snite, during his two years in the chair.

President Woll then called the afternoon business session to order and proved conclusively that he meant business, and was taking his Association official position seriously, for he frankly stated that, in his opinion these business meetings were not mere formalities, and he could not afford to and did not intend to spend his time preparing for and conducting the meetings unless a bigger and more prompt attendance is registered in the future. President Woll, in assuming this attitude, proves his qualifications for the office, and wants the entire membership to distinctly understand that his services will continue only upon condition that he be given support in way of meeting attendance.

Treasurer Lynch reported a balance of $838.90, with all bills presented to date, paid.

The Membership Committee reported one resignation and one new member. The new recruit is the Lee Loan Company, 6469 Sheridan Road, Chicago.

No special Committee, or the Grievance Committee had a report, and we then took up the matter of adopting a State Association Emblem. After considerable discussion, the emblem used by the National Association with the words "For Lawful Methods Only," was adopted. Members desiring to use this cut may secure same from the Secretary.

A slogan, "Get together, Stay together, Work together, Grow together," offered through Mr. Rose, was not adopted, but was commended highly.

The proposition of changing the title of the presiding officer from that of Chairman to President, having been constitutionally provided for at our previous meeting, was, after a great deal of pro and con discussion, finally decided in favor of President. This title applies also to the Vice-Chairman of our Association.

Correspondence was then read by the Secretary, including letters from Mr. East and Mr. Rutherford thanking our Association for its coöperation during the recent National Convention, together with a letter from the Hotel LaSalle inviting our Association to use the hotel for our meetings, a letter from Mr. Willis Baird expressing his appreciation for the interest the Licensed Lenders took in the Near East Relief Fund, a letter from Mr. Frank E. Scott, Sec'y of the Chicago Band Association, thanking our members for their contribution to that fund, a letter from Attorney Charles R. Napier advising that he had induced the License Bureau of Chicago not to class our members as brokers, together with other interesting correspondence from our local members.

Mr. Napier made a few brief remarks upon the Near East movement, as he was authorized at a recent Executive Committee meeting to use his judgment in arranging for our Association's activities in connection with that movement.

Mr. Woll, who is Chairman of the Clearing House Committee, gave us a rather detailed survey of the Clearing House status throughout the country. He said that in Philadelphia, a Clearing House was operated through the Merchants Department of the Association of Commerce, that they had nine members, and the monthly cost to each was about $25.00. He further stated that in Indianapolis and Pittsburgh, all of the licensees were members of the Clearing House.

The open office then came up for a very brief discussion, followed by a general outline of the procedure for the remainder of the meeting, and the business session was adjourned at 6:10 to a 6:30 o'clock dinner.

Between the business session and dinner, the late arrivals, our guests and the ladies gathered in the hotel parlors on the second floor, where friends recalled old times, and new friends were made. As the Northwestern University Syncopating orchestra pealed forth enticing strains of music, eighty-six persons filed into the Rose Room, where a delicious chicken dinner was served. The ladies were presented with a rose, and at each plate was a booklet containing the address of Charles R. Napier, given at the recent National Convention. Dancing was enjoyed between courses, and immediately after dinner, Clifford F. Jackman of Chicago spoke very interestingly upon the conditions in the Near East.

The next speaker was Harvey H. Hill, Sec'y, Illinois Chamber of Commerce, who gave us a brief history of that organization, and explained its purpose, object and accomplishments to date. Mr. Hill is known throughout the entire State as an organizer, and his talk enthused our members with the proper Association spirit. It is expected that the Illinois Licensed Lenders will all become affiliated with the Illinois Chamber of Commerce.

Willis W. Baird, former President of the Chicago Association of Commerce, spoke, and commended our Association upon its progress and upon its activity in the Near East movement.

Our next speaker and guest of honor was Wlliam A. Murphy, new Director of the Department of Trade and Commerce, Springfield. Mr. Murphy portrayed a surprising degree of knowledge about our business, and his views were very much favored by our members. Mr. Murphy made it plain that, in his opinion, there is a field for real service in the Small Loan business, and that the members of our Association are prepared to render that service efficiently. He stated that we take up the lending business where the Banks leave off. He is of the opinion that our business is so related to that of banks, that our supervision should come under the banking department. Mr. Murphy feels that our Association has and will facilitate matters both for the lenders and for the Department of Trade and Commerce, and he expressed appreciation for our cooperation and the courtesy universally extended the examiner, Miss Cartmill, by our members.

The final speaker of the evening was Dr. Louis N. Robinson of Swarthmore, Pa., who is making a survey of the Small Loan business. Dr. Robinson spoke very interestingly and at length, soliciting the cooperation of our members in the compilation of information. He made frequent references to the booklet containing the National Convention address of Attorney Napier, and advised that we adopt the ethics prescribed therein as a standard.

After a short recess, the reading of papers upon and the discussion of practical subjects was taken up by the Managers Committee, with Mr. Stemlie presiding. The meeting continued until 11:00, and a general discussion followed each of the papers, which are hereinafter made a part of these minutes, together with report of Illinois delegate to National Convention.

L. T. BAKER, *Secretary.*

"HOW TO INVESTIGATE A LOAN."

By Miss Roscoe, Mgr. Mason Financial Company, Chicago.

I think we all agree that it is necessary to get all the information possible when looking up a loan, and that a thorough investigation is indispensable.

It would take hours to treat this subject adequately, but since all we have to-night is a few minutes for remarks and a discussion, I will try to leave most of the time for the discussion, which I know will prove most interesting.

I thought it best that we consider in these few minutes just what the procedure would be, in looking up a loan and some of the facts brought out by the investigation.

The first step would be to learn from The Lenders Exchange whether the applicant already has a loan. Then we should determine if he is offering the same security to both companies.

Second: Get what information is available through the Credit Agency,—from them we can find out if the applicant has made application for credit before, as well as other information that may be helpful.

Third: Verify statement with regards to Position always.

By the information we now have on hand we can easily judge whether the loan is worthy of further investigation, and if so it is given to the investigator, whose report should bring out the facts most necessary to the manager in deciding whether the loan should be made or rejected.

First: The applicant's ability to meet his payments in accordance with the agreement he is making. That would be determined by his income as well as his expenses.

Second: What is the character and the reputation of the applicant—That can be found out from the local merchants in his present as well as his past neighborhood, as they usually get considerable of the neighborhood gossip, and may know something of his habits.

Third: Does he own the personal property that he is offering as security, and is it sufficient for the amount of the loan.

I think I had better stop now, as we do want to hear the discussion.

Thank you for your close attention.

CLOSING A LOAN TO MAN AND WIFE ON HOUSEHOLD FURNITURE.

By John Bronahan, Mgr. C. C. Erd Co., Chicago

After it has been decided that a loan will be made and all necessary information regarding applicant has been obtained, the papers are made out and laid on the desk before the customer.

First the statement is explained, and we impress upon them that this statement must be brought in or sent in every time a payment is made in order that proper credit may be given their account. The statement is made out in the name of both husband and wife, to impress upon them that both are held responsible for the obligation. We then point out their address, and impress upon them the importance of notifying us in case they desire or intend to move and explain to them that it is a violation of the law for mortgagor to move mortgaged property without securing permission from the mortgagee to do so. They are told that we have no objection to their moving so long as they make known their intentions before doing so.

We then point out the amount of the loan and the manner in which payments are made, emphasizing the importance of making payments on the date they are due. (Customers are always given the privilege of naming the day on which payments will be made, as they can then offer no excuse for failing to make payments.) We urge them to be prompt in their payments, and tell them that this strengthens their credit, and that this may be of some assistance to them in the future should they require another loan.

By this time we have decided whether we will record the mortgage. If we intend to do this, we collect a recording fee and make a receipt for it in their statement. (Very few mortgages are recorded, only about 1% of our loans. This is usually done only in cases where loans are made to people in the rooming house business, business people of other kinds, and on questionable loans.)

We always try to be sure they understand how the interest is calculated. After we have explained the rates, we ask them if they understand it and can figure the interest. Ninety-nine per cent. will say they do. We then ask what will be the payment on their loan up to a certain date and let them figure it out. This is one way of finding out whether or not they really understand how it is done. A customer who knows how to figure the interest is generally satisfied and very seldom makes any complaint.

We next have them sign the papers, but before doing so we point out the amount of the loan, security, payment on principal, and the due date. We do not ask customers to read the papers. This is optional with them, and very few people do so.

After the papers have been signed, we hand them the money generally leave it on the desk between man and wife and ask them to "Please count the money."

Just before they leave the office, we ask them if everything is understood, and tell them that if after getting home and reading over the statement they find something they do not quite understand, they should not hesitate to come to our office for further explanations.

By Arthur L. Weinshenk.
Chicago Finance Co.

Your Manager's Committee has requested me to render you my version as to procedure in certain cases, having designated different subjects hereinafter named, to discuss.

It would appear to me that these topics should have been submitted to your attorney, Chas. R. Napier, for accurate response, for I can only give you my humble opinions of the practical side, which may be at direct variance with any necessary legal process or procedure, so that I trust you will be kind enough to attribute any incorrect answers to my ignorance and be charitable in your thoughts where I am in error.

The First: *Under What Conditions Should An Account Be Renewed?*

Any account that has shown the right disposition to pay principal and interest and particularly the interest, and where original conditions, risk and security have suffered little depreciation, is worthy of renewal, either of pending balance or by merging into a larger loan. Proper treatment of accounts inspire confidential relations that is imperative in our business, which, after all, is one of personal contact; where there is a refusal of renewal, it creates a dissatisfied patron and more often the loss of an account; so definitely, I would say that where the lender wishes to retain the account, I would renew, and in arriving at such decision the patron should be given every possible consideration; interest at least of course, having been paid with reasonable regularity.

The Second: *State Briefly The Procedure Of Filing Extension Of Chattel Mortgages, Also Releases.*

The extension should be drawn in duplicate on the regular form provided for that purpose, signed, executed, acknowledged and delivered by and between all parties to be original mortgage; a copy of the extension should be filed with the same official who acknowledged the original mortgage, at any time within 90 days after due date of mortgage and who should certify on the original extension that it has been filed with him by true copy thereof, and the original then recorded in the County Recorder's Office where the original mortgage is recorded, at any time within 90 days after due date of mortgage; provided, of course, the property is still located within the jurisdiction of that County. The releases should be drawn on the blank forms known as Release of Chattel Mortgage, signed, executed, acknowledged and delivered by the mortgagee and recorded in the same County Recorder's Office where the original mortgage is recorded. In both of above forms acknowledgment of signature is made before a Notary Public.

The Third: *Give Very Briefly Outline of Foreclosure Proceedings.*

A Bill to foreclose chattel mortgage must be filed in a Court of equity in every case where the security is necessary household furniture; the necessary pleadings are brought to an issue before the Trial Court, upon completion of which, the case is referred to a Master in Chancery for the taking of testimony for both sides; the Master then draws his report of conclusions from the evidence and submits such report to the Trial Judge for approval or rejection, and in either case a decree is entered by said Trial Judge and the security then may be seized in accordance with the mandates of such decree and disposed of accordingly; this procedure, however, is purely a matter for the attention of your attorney, the details of which are his duty and not the lender. Where the security is not necessary household furniture such as an automobile, fixtures, etc., foreclosure may be perfected by declaring the mortgage and note due according to the provisions of the instrument and when any of the terms of the mortgaged contract have been violated or defaulted, thus permitting such declaration and actual possession when taken of the mortgaged property either by actual seizure or replevin, and a statutory notice (usually 5 days) rendered the mortgagor by mail to his last known place of residence, of the time, terms and place of said sale enumerating the property to be sold, and within 10 days after such sale a report of sale must be rendered by mail to said mortgagor, a process which also is advisable to have your attorney direct and govern.

The Fourth: *Proper Method Of Filing Assignments.*

In our experience, we have filed assignments in two ways; one by personal delivery of a certified copy of the original assignment, obtaining the name of the person in the employ of the firm with whom the assignment is filed; the other, by certified copy of the original assignment sent by registered mail with return receipt requested.

The Fifth: *Proper Procedure To Protect Your Mortgage When Goods Are Placed In Storage By Customer, With Or Without Consent Of Mortgagee.*

Our office has, in every instance, presented in person a regular written mortgagee's demand for the immediate possession of the goods placed in storage, enumerating in detail the mortgaged property; if the property has been stored with the consent of the mortgagee, then arrangements should be made with the warehouseman for the proper delivery to the mortgagee of the warehouse receipt covering the goods, such warehouse receipt in every instance to be in the name of the mortgagor and by him properly endorsed; if without the consent of the mortgagee, an effort should be made, irrespective of such written demand so served, to obtain from the mortgagor the original warehouse receipt properly endorsed; in either event, it is my understanding that a written mortgagee's demand protects the mortgage and the warehouseman is liable ofr the payment of such mortgage lien, in case he delivers the property in the face of such written demand within a reasonable time after the service of same; in every instance that I know of in our office, the warehouseman will deliver no goods, unless he first obtains a written release of such mortgagee's demand; and in case of foreclosure, the warehouseman has a first lien on all the property, where the goods are stored with the consent of the mortgagee. Where the property is stored without the consent or knowledge of the mortgagee, the warehouseman, so far as the mortgagee is concerned, is only entitled to such charges as have accrued on and after date of mortgagee's knowledge of storage or notification of mortgage lein providing that the mortgage has been duly acknowledged and recorded prior to the date the warehouseman took possession; he is entitled to all charges in case of unrecorded mortgages.

The Sixth: *How To Make Non-Negotiable Warehouse Receipts Negotiable.*

This topic is one of importance. We have usually proceeded in four directions in such cases; one by having the words "Non-Negotiable" changed to read "Negotiable"; another by having the warehouse write on the face of said receipt that the words "Non-Negotiable appearing on this receipt are hereby made null and void;" another by the warehouseman's consent in writing on the face of the warehouse receipt to the transfer, assignment and delivery of said original warehouse receipt; and finally by having the warehouseman acknowledge by letter the fact that he has received notice of mortgage lien and stating that he will immediately notify the mortgagee of any contemplated removal, thus giving ample time to the mortgagee to protect his lien by negotiating with the mortgagor, foreclosure by Bill in Chancery or by replevin suit. We have found that practically every warehouseman with whom we have become involved does not object to the latter method, when he does object to changing the original warehouse receipt; furthermore, even though receipt may be marked "Non-Negotiable" we have found that the goods will be delivered to the mortgagee upon presentation of the original warehouse receipt properly endorsed. Coöperation with warehouses is one of the important duties of every aggressive Manager.

Even though I have endeavored to answer the above inquiries it must be understood that there are, in nearly every case, conditions and instances that arise, whereby proper judgment must be displayed and used in the negotiations so requisite for the protection of the mortgage lien and where debatable questions arise, the same should be submitted to your attorney for his attention. My experiences have taught me that the procedures above enumerated have been ample and sufficient for the proper protection and collection of the amount due. Many of these questions are governed by Statutes and performance should be made accordinly and again I suggest, where in doubt, let your attorney be your guide.

GEORGIA SMALL LOAN LAW CONSTITUTIONAL.

In the case of *Badger vs. The State*—No. 3226—Supreme Court of Georgia has upheld the constitutionality of the Georgia small loan law.

Fish, C. J.—Defendant was found guilty of a violation of Section 1, 8, 12, 13, and 17 of the Act of the General Assembly approved August 17, 1920 (Ga. L. 1920, page 215), providing for the regulation of small loan business. The constitutionality of the Act was challenged in the trial court by demurrer to the accusation. The exception is to the overruling of the demurrer. Held, that the Act is not unconstitutional as violative of any of the provisions, hereinafter set forth, of the State or Federal Constitution: 1. "Protection of person and property......shall be impartial and complete." "No person shall be deprived of life, liberty, or property, except by due process of law." "Nor shall any State deprive any person of life, liberty, or property, without due process of law, nor deny to any person within its jurisdiction the equal protection of the laws." 3. "The legislative, judicial, and executive powers shall forever remain separate and distinct, and no person discharging the duties of one shall at the same time exercise the functions of either of the others, except as herein provided." 4. "No person shall be compelled to give testimony tending in any manner to criminate himself." 5. "The right of the people to be secure in their persons, houses, papers, and effects against unreasonable searches and seizures, shall not be violated," etc. 6. "No person shall be compelled in any criminal case, to be witness against himself," etc. 7. "Laws of a general nature shall have uniform operation throughout the State and no special law shall be enacted in any case for which provision has been made by an existing general law." 8. "No law or ordinance shall pass which refers to more than one subject matter, or contains matter different from what is expressed in the title thereof." "9. "No conviction shall work......forfeiture of estate."

The constitutionality of the Act in question is sustained by many decisions of courts of last resort wherein similar legal principles were involved, among which are the following:

King v. State, 136 Ga. 709;
Cutsinger v. Atlanta, 142 Ga. 555;
Carroll v. Wright, 131 Ga. 728;
Early County v. Baker County, 132 Ga. 126;
People v. Stokes, 118 N. E. (Ill.) 87;
Harbison v. Stamer, Id. 94;
U. S. v. Distillery Company, 259 Fed. No. 14,966;
Wessel v. Timberlake, 116 N. E. (Ohio) 43;
Com. v. Puder, 104 Atl. (Penna.) 505;
Juhan v. State, 216 S. W. (Tex. Crim. App.) 873;
See notes to Re Schncke, 21 L. R. A. (N. S.) 813;
State v. Sherman, 27 L. R. A. (N. S.) 893;

Judgment affirmed.
All the justices concur.

CREDIT BUREAUS.

Indianapolis, Ind.
November 17, 1922.

Dear Mr. Kehr:

Enclosed find an article regarding Credit Exchange Bureau's which I believe would be a good article to publish in the Lenders News, while not particularly on our subject it would be applicable to our business.

If you will get a copy of December issue of *The System* magazine, on page 707 you will notice an article regarding Credit Unions which refers to the doubling up on loans. In my opinion this is one subject that the A. I. L. A. should be interested in at the present above all others, as a good many companies are starting new offices and being over zealous in obtaining business, rather encourage than discourage the doubling of loans.

If we ever expect to get this business on the plane that it should be, we must first clean our own door mats before trying to educate the public. Nothing is more serious to our business than permitting more than one loan to a customer, because the one who borrows two or more loans is the one to fall the quickest.

I shall be glad to hear an expression from you. It may be that I am taking this matter too seriously, but as I see it now, I do not believe that I am,

Yours very truly,
R. F. Hartz, *Sec'y, I. I. L. A.*

Sees Interchange Credit Bureaus as Saviors of Future.

Solon J. Carter Tells Association Bad Debts Will Be Past.

National and local credit interchange and adjustment bureaus eventually will minimize business failures, and while serving as a savior to those firms which otherwise would go bankrupt, will perform a distinct service to creditors, declared Solon J. Carter, ex-judge of

Superior court, at a dinner of the Indianapolis Association of Credit Men at the Athenaeum last night.

"I am satisfied that the general public is unaware and I question whether you men really appreciate the vast sums lost annually through inefficient credit information," he said. "Before credit men began to organize and make their work known, it was customary to pick out some faithful employe in a firm, without regard to his knowledge of credit work, and make him credit manager. Even then he did not have the backing of the executive heads of the business. Rather was his work retarded by them, because about the first time he would turn down a credit, the boss would accost him with 'What on earth are you trying to do? Ruin one of our best customers?'

EXPERIENCE ON BENCH.

"Now, what is the condition to-day? In some cases it is not much better. Let's take as an example a small business firm, the head of which is known to be honest and upright. He has a good standing in the community. Every thing seems to be in his favor. He buys and buys and buys, until finally he has an account of $1,000, when his credit is stopped. Then he comes forward with a down payment of $300 and he can turn right around and buy another $1,000 worth of goods, without regard to his financial standing. It isn't his fault. In all truth, now, isn't it true that the trouble was that his credits were not properly handled? No one firm can stop that sort of thing, but a majority of the firms in the state united can stop it, and that is where the credit interchange bureau comes in"

Mr. Carter based most of his remarks, he said, on knowledge gained from cases brought before him in bankruptcy while on the bench. He declared that only in three cases which were brought before him were the firms utterly worthless.—*Indianapolis Star, November 17, 1922.*

COLORADO SUPREME COURT SAYS SMALL LOAN LAW IS CONSTITUTIONAL.

In the case of Warner v. People. No. 10132.)

(Supreme Court of Colorado. July 3, 1922,) held the following:

1. Constitutional law 250, 258—Usury 149 (1) — Interest statute penalizing usury held not to deprive party of due process of law or equal protection of law.

Laws 1919, p. 524, § 1, making it a penal offense to loan less than $300 at a greater rate of interest than 12 per cent. without a license, does not deny due process or equal protection of the law.

2. Statutes 76 (6)—Making it penal to loan less than $300 at greater rate than 12 per cent. without license held not to violate prohibition of special law where general law can be made.

Laws 1919, p. 524, § 1, making it a penal offense to loan less than $300 at a greater rate of interest than 12 per cent. without a license, is not violative of Const. art. 5, § 21, as the Legislature has the power to fix one rate of interest for small loans and another for large loans.

3. Statutes 118 (1)—Subject-matter of statute penalizing the charging of more than legal interest held expressed in title.

The subject-matter of Laws 1919 p. 524, § 1, making it a penal offense to loan less than $300 at a greater rate of interest than 12 per cent. without a license, *held* sufficiently expressed in the title of the act, which is "to license and regulate the business of making loans," etc.

4. Constitutional law 87—Statute penalizing usury held not to deprive one of right to acquire property.

Laws 1919, p. 524, § 1, making it a penal offense to loan less than $300 at a greater rate of interest than 12 per cent. without a license, does not deprive one of his right under Const. art. 2, § 3, granting the rights to acquire, possess and protect property.

5. Constitutional law 159—Usury statute held not to impair obligation of contract.

Laws 1919, p. 524, § 1, making it a penal offense to loan less than $300 at a greater rate of interest than 12 per cent. without a license, does not impair the obligation of a contract.

En Banc.

Error to District Court, City and County of Denver; A. F. Hollenback, judge.

Lou E. Warner was convicted under Laws 1919, c. 159, § 1, prohibiting the charging of more than 12 per cent. interest on money loaned, and he brings error. Affirmed.

John S. Stidger, of Denver, for plaintiff in error.

Victor E. Keyes, Atty. Gen., and Samuel Chutkow, and Charles H. Sherrick, Asst. Attys. Gen., for the People.

DENISON, J. Plaintiff in error was convicted under section 1, c. 159, S. L. 1919, of engaging in the business of loaning less than $300 at a greater rate than 12 per cent. per annum, without a license. He was also convicted on a count under section 17 of the same act, but the court set aside the verdict on that count. He brings error and attacks the constitutionality of the act on the following grounds:

(1) That it deprives defendant of due process of law.

(2) That it is a special law where a general one could have been made applicable, and so violates section 21 of article 5 of the Colorado Constitution.

(3) The subject of the act is not expressed in the title.

(4) It violates section 3, art. 2, of the Colorado Constitution, in that it deprives plaintiff in error of the right to acquire, posses, and protect property.

(5) It impairs the obligation of contracts.

[1] As to the first point there is nothing in the act touching the question of due process. Counsel argues, however, the question of equal protection. We took this statute from Illinois. The question was determined there before our act was passed. People v. Stokes, 281 Ill. 159, 118 N. E. 87.

[2] The second point amounts to a proposition that the Legislature cannot fix one rate of interest for small loans and another for large which needs but to be stated to be refuted. The power of the Legislature is not so limited.

[3] As to the third point: The subject-matter of section 1, upon which the defendant was convicted, is expressed in the title. The title is as follows:

"To license and regulate the business of making loans in sums of three hundred dollars ($300) or less, secured or unsecured, at a greater rate of interest than twelve (12) per centum per annum, prescribing the rate of interest and charge therefor, and penalties for the violation thereof, and regulating the assignment of wages or salaries, earned or to be earned, when given as security for any such loan."

The section is as follows:

"That no person, copartnership, or corporation shall engage in the business of making loans of money, credit, goods, or things in action in the amount, or to the value of three hundred dollars ($300), or less, and charge, contract for or receive a greater rate of interest than (12) per cent. per annum therefor, except as authorized by this act and without first obtaining a license from the State Bank Commissioner hereinafter called the licensing official."

This section is part of an act which provides for licensing the business of loaning $300 or less at a greater rate of interest than 12 per cent, per annum and so is within the scope of the title.

We say nothing as to section 17 because the Attorney General has not assigned error with reference to it.

[4, 5] The propositions on the 4th and 5th points are so manifestly unfounded that they require no answer.

Judgment affirmed.

SCOTT, C. J., not participating.—*Pacific Reporter, September, 1922.*

YEAR BOOK

JOHNSTOWN, PA.,
November 18, 1922.

Dear Mr. Kehr:

I am not sending my order early to avoid the rush, but very anxious to have in my possession a Year Book for 1923 which will be out next month. I would not be without a year book for it is worth its weight in gold. Enclosed herewith find my check for $1.00 which I consider well spent. Trusting this letter finds you and your family in the best of health, I am Very truly yours,

W. W. GANTZ.

Mr. Gantz is only one to whom we think the Year Book will appeal.

By the end of the month we hope to have the Year Book in the mails. Members of the A. I. L. A. and public officials and welfare organizations will receive complimentary copies. To others, the book will be sent on receipt of one dollar.

The book contains an up-to-date directory of the members of the A. I. L. A. with their addresses covering most of the United States; copies of the papers read and addresses given in the eighth annual national convention. A digest of small loan laws and a map of the U. S. A. showing their legislation status from the standpoint of small loan laws. Send in your order now with a check for a dollar if you want it.

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INDUSTRIAL LENDERS NEWS

NSITY OF ILLINOIS LIB
JAN 30 1923

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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RUSSELL SAGE FOUNDATION TO SURVEY SMALL LOAN BUSINESS.

On January 1, 1923, the Russell Sage Foundation appointed Dr. Louis N. Robinson of Swarthmore, Pennsylvania, to make a survey of the Small Loan Business in the United States. Since April 1st, of last year, Dr. Robinson has been studying the small loan business and laying the plans for just such a survey as the Russell Sage Foundation now contemplates.

It is interesting to know that the loan men themselves requested the Foundation to make this survey. They felt that there were still many unsolved problems in the small loan business, and further progress would come only from careful scientific study of the entire situation. Mr. L. C. Harbison of Chicago, first consulted with Dr. Robinson last April and finally induced him to look into the possibilities of such a survey. The report which Dr. Robinson made to Mr. Harbison proved sufficiently interesting to induce several lenders to bear the cost of the preliminary work incident to the survey. Among these lenders were Mr. F. E. Tyson, Mr. A. C. Broughman,, Mr. J. H. Aufderheide, Mr. E. P. East, Mr. L. C. Harbison, Colonel Clarence Hodson, Mr. George W. Kehr, Mr. Charles G. Mueller, Mr. C. H. Watts, Mr. William P. Woll, and Mr. W. A. Zumpfe.

The Russell Sage Foundation has now taken over the task and will push ahead with the work as rapidly as possible. It is highly gratifying to the lenders who first conceived the idea of the survey that the Foundation thought sufficiently well of it to take it over and to appoint as director of the work the man whom these lenders had induced to look into the project.

Dr. Robinson comes well prepared for the work. The following personal history taken from "Who's Who in America," will give some notion of his scientific preparation for the task in hand:

"Robinson, Louis Newton, economist; b. at Tunkhannock, Pa., November 3, 1880; s. John Marklin and Annie Elizabeth (Thacher) R.; A. B., Swarthmore (Pa.) Coll., 1905; studied Cornell U., 1905-6; Joshua Lippincott traveling fellow, Swarthmore Coll., Univs. of Halle and Berlin, 1906-7: fellow in economics and statistics, Cornell, 1907-8, Ph.D., 1911; m. Caroline Hadley, of Swarthmore, Pa., June 18, 1908. Instr. in economics, 1908-9, asst. prof., 1909-13, prof. 1913-17, Swarthmore Coll.; chief probation officer, Municipal Court of Phila. 1918-21, mem. and sec. Pa. State Penal Commission of 1913; mem. Pa. Commission to Investigate Prison System of 1917. Member Am. Inst. Criminal Law and Criminology, Am. Econ. Assn., Am. Statis. Assn., Delta Upsilon, Phi Beta Kappa. Mem. Friends Church. Author: History and Organization of Criminal Statistics (Hart, Schaffner & Marx prize essay series) 1911; Penology in the United States, 1921; also numerous articles and pamphlets along lines of criminology. Home, 411 College Ave., Swarthmore, Pa."

An outline of the survey which Dr. Robinson contemplates was given in an address which he delivered at the New York Convention. This appears in the 1922 Year Book of the American Industrial Lenders Association and all who are interested in the further development of the loan business should read this address as we understand that this outline will, in general, be followed by the Foundation in the work which it will do. The disinterestedness of the Russell Sage Foundation in all its investigations is well known, and we lenders can rest assured that this survey by Dr. Robinson will be conducted in a fair and impartial fashion that cannot help but be beneficial in the long run to all who are vitally interested in the Industrial Loan Business.

LEGISLATION.

With almost every state in the Union holding legislative sessions this year, a busy time is anticipated by our National Legislative Committee and the other organizations, notably the Russell Sage Foundation and the Legal Reform Bureau, which are interested in improving small loan conditions in America. Already we have been advised of the introduction of the Uniform Small Loan Bill on January 4th by Senator Jackson in the Minnesota Legislature. Favorable newspaper comments upon this may be found elsewhere in this publication.

On January 3d, Representative Drinnon introduced House Bill No. 21 in the Tennessee Legislature, which purports to be "a bill to regulate the business of salary and loan brokers and persons lending on personal property, and fixes the maximum fees and profits." In the main, this bill seems to be patterned after the Uniform Small Loan Bill but takes a very important deviation when it attempts to fix the interest rate at two per cent per month. Probably when the hearing before the Judiciary Committee, to which this bill has been referred, takes place, the legislators will be convinced that any rate less than three and one-half per cent per month will not correct the existing bad conditions in Tennessee. Reports indicate that the Bank Commissioner of Tennessee will support the one hundred per cent Uniform Small Loan Law drafted by the Russell Sage Foundation, as a department measure.

It is reported that a bill has been introduced in the Connecticut Legislature purporting to reduce the interest rate now permitted for small loans of $300.00 or less from three and one-half per cent per month to one and one-half per cent per month. This bill has probably been prompted by some misinformed persons who are not familiar with the cost of conducting the small loan business and the losses incident thereto. No doubt the Public Welfare organizations which originally sponsored the enactment of the Uniform Bill in Connecticut, will be on hand when the hearing is held before the Legislative Committee, armed with all the necessary data to prove that the existing rate permitted under the small loan law of Connecticut is just.

We have received copies of the Uniform Pawnbroking Bill drafted by the National Federation of Remedial Loan Associations and endorsed by the Legal Reform Bureau, which is responsible for the printing of this bill for general educational purposes. We understand the bill will be introduced in several of the state legislatures which do not have adequate pawnbroking legislation. The bill seems to be a big improvement over any existing pawnbroking legislation now effective.

NATIONAL LEGISLATIVE COMMITTEE.

C. H. Watts, chairman, Philadelphia, announces the following have accepted membership on the National Committee for 1923:

Colorado—E. J. Cavanaugh, Denver.
Connecticut—R. M. Rutherford, New York.
Georgia—W. P. Woll, Chicago.
Illinois—L. C. Harbison, Chicago.
Indiana—A. C. Broughman, Marion.
Iowa—T. J. Harrison, Waterloo.
Massachusetts—W. E. Pool, Boston.
Michigan and Minnesota—L. C. Harbison, Chicago.
Nebraska—F. E. Tyson, Danville.
New Hampshire—A. J. Schroder, Philadelphia.
New Jersey—S. H. Vogel, Trenton.
New York—George Hodson, New York.
Ohio—F. J. Schneider, Cleveland.
Pennsylvania—G. W. Kehr, Harrisburg.
Rhode Island—J. H. Wickstrom, Providence
West Virginia—J. H. Aufderheide, Indianapolis.

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Publicity, G. Hodson, 135 Broadway, New York.
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The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

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Ga.—B. L. Lassiter, 215 Atlanta National Bank Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—A. L. Whitmer, Iowa Bldg., Sioux City.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
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R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—C. M. Garrett, 312 Law Bldg., Lynchburg.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

YEAR BOOKS.

Our 1922 Year Books came from the printers January 4th and promptly on that day, we started mailing complimentary copies to public officials, public welfare associations and members of the American Industrial Lenders Association. Others who had ordered and paid for the book were also supplied. Any who may desire the book, not included in the above list, may obtain copies at the rate of $1.00 each, upon application to the National Secretary. Considering the information the book contains, we believe it is worth more than the price asked for it. You will find in it a complete directory of the American Industrial Lenders Association members and all the proceedings of the Eighth National Convention, during which some high class papers and addresses were given. A digest of the small loan laws and a map showing the legislative status of small loan laws are some of the interesting features. At this writing the edition is two-thirds exhausted. Any who wish copies shoulld order them promptly. Persons who have received it say it is indespensible. Here are a couple complimentary remarks:

My Dear Mr. Kehr:

I want to thank you for the copy of the "year Book." According to my way of thinking, it is the best "gotten up" one that we have ever had and I know to whom the credit belongs, no one but you.

Your friend,
C. H. Stratton.

Dear Mr. Kehr:

I am in receipt of a copy of the 1922 Year Book.

I have not yet had time to read the book, but I have glanced through it and I want to compliment you on the contents and general get-up.

It is without question the finest edition of the Year Book to date.

Yours very truly,
L. C. Harbison.

In connection with the Year Book it is interesting to note that a recent number of the *Prentice-Hall Business Digest* quoted a considerable portion of G. W. Farrington's paper on "Good Will" which was published in full in our 1921 Year Book.

Dear Sir:

I wish to congratulate you upon the excellent edition of the year book of the American Industrial Lenders Association, and to thank you for the copy I received this morning.

I should appreciate very much having my name placed on your mailing list for future issues of this book.

Thanking you again for your favor, I am

Very sincerely yours,
Doane Merrill.
Supt. of Banks.

Dear Mr. Kehr:

The *Year Book* came duly to hand for which accept my thanks personally I think it is the best ever gotten out and I intend to place same in my library for future reference and etc.

Hastily yours,
A. S. Ezekiel.

Philadelphia Pa.

Dear Mr. Kehr:

The 1922 Year Book reached be a day or two ago. I can see in it many valuable suggestions to all persons who are connected with the small loan business. I sincerely think that the Association is to be congratulated upon this excellent presentation of its proceedings.

I was very much interested in the completeness of Mr. James A. Lyons' article in the December number of the Lenders News as regards his renewing of loans to a former customer. The detail in which he goes into the situation is quite illuminating. I am wondering if you would be good enough to give me Mr. Lyons' address, so that I might ask him for some suggestions or possibly a copy of his application blanks.

If it is in order (if not don't hesitate to tell me) I would appreciate such a blank from you. I am enclosing a copy of the one that we use. You can readily see that it is very incomplete, and I have to resort to filling in between lines for many things already.

Some of us are still considering legislation to propose to the Legislature, but like all new institutions we are working rather haphazardly still. We are very much obliged for your suggestions and assistance thus far.

Very truly yours,
J. L. Dunn.

INDIANA.

According to the *Marion Leader-Tribune* of Wednesday, December 20, 1922, A. C. Broughman, general manager of the Legal Loan Company, was elected president of the Marion Kiwanis Club for 1923. The election followed the meeting of the new board of directors, held on December 19th. The *Marion Leader-Tribune* makes the following interesting references to Mr. Broughman:

"The president has lived in Marion practically all his life and has long been identified with civic affairs. He was prominent in all the drives during the war. He served as exalted ruler of the Elks lodge and is considered an excellent organizer. His willingness to accept the post was gratifying to the new board.

"The new president will take charge of the club administration after January 1st, the present staff holding over until that time. In stating his policy, Mr. Broughman declared he was hopeful for an active coöperation from the entire membership. He said he expected to use every member of the club in some capacity during the year."

The above reference to Mr. Broughman is appreciated by all the members of the American Industrial Lenders Association, who desire to congratulate him on the honor bestowed. It proves that our members have the respect of the communities in which they live and that those who take an active part in local civic affairs reap their just reward.

The same honor was conferred upon Dal. T. Hurry, manager of the Legal Loan Co., Logansport, as he was elected president for the coming year of the Logansport Kiwanis Club. His election was also unanimous and the office not solicited. Mr. Hurry has been for more than nine years manager of an office of the Legal Loan Company. For six years he managed the Rockford Loan Co., Rockford, Illinois before being transferred to Logansport.

R. J. Spencer, Jr., president of the Legal Loan Company just completed his year as president of the Rotary Club of Marion. Mr. Spencer has been chairman of the Indiana Industrial Lenders Association, although he has never been actively engaged in the small loan business but has been interested as an investor. For a number of years he has devoted his entire time to the Grant

Trust and Savings Company of Marion, being at present treasurer and managing director.

T. H. Bedell, vice-president of the Legal Loan Company was recently elected president of the Marion Association of Commerce. Mr. Bedell has never been actively engaged in the loan business, but like Mr. Spencer, has been an investor for the past nineteen years.

Fred Daves, manager of the Legal Loan Company of Kokomo, Indiana, has just completed his term of vice-president of the Kiwanis Club of Kokomo. He is a charter member of the Kokomo Kiwanis Club and has been an active director since the date of its organization. Every year he has been honored with something by his club and is now slated to become the secretary for 1923. He prefers, however, that the honor should be given to some other member as he feels he has been in a position of prominence in the club long enough.

R. F. Hartz, president of the American Loan Co., of Indianapolis, is and has been for the past year or so, secretary of the Lions Club of Indianapolis.

There are quite a number of loan men in Indiana that are active members of organizations such as the Rotary, Kiwanis and Lions Club in their respective communities.

As the above was written, the writer was thinking, "I wonder how many other states in which we have members, can match the prominence of the Indiana members in similar local business men's organizations." It is a fine thing for the rest of us to have Indiana as the example before us as it may inspire other members in our organization to follow this excellent example. It is fine to know that we have among our numbers, men of the caliber that fits them to hold prominent positions in local community clubs.

It is a compliment to any member to be asked to join one of these clubs but it is a lot more to his credit to take an active part in it because to do so means that he is giving of his time and talents to the community which he serves.

It has always been the policy of the American Industrial Lenders Association to encourage our members to identify themselves with local and state organizations having as their object the betterment of the communities in which they are located. The National Secretary would like to know from all of our members, what if any connection they may have with local or state associations outside of their connection with the state and national lenders organizations. If any of them are now directors or hold any office or have done so, we should like to know about that so that the public may learn to know the character of men now engaged in the small loan business.

BILL PROPOSES STATE CONTROL OF LOAN SHARKS.

Measure Regulating Interest Rates Is Supported By Many Organizations.

Curbing the activities of so-called "loan sharks" who charge exorbitant rates of interest to small borrowers is the purpose of a bill introduced in the Minnesota Senate yesterday by Senators Joseph Jackson of St. Paul and Sherman W. Child of Minneapolis.

The bill, backed by the Minnesota State Federation of Labor and a large number of organizations interested in the people who are obliged to seek small loans, is a copy of the law now on the statute books of a large number of states. The Russel Sage Foundation has been instrumental in having the measure passed throughout the country.

Loan Limit Placed at $300.

The bill requires persons in the loan business to obtain a license from the state. The limit fixed for individual loans is $300 and the interest charge shall not be in excess of a three and a half percent a month on unpaid balances. The bill regulates strictly the conduct of the business of the lender. It prohibits and specifies punishment for loans of money by unlicensed dealers in excess of the contract rate provided by the state.

The following are the organizations which are back of the bill introduced in the Senate yesterday and which is to be introduced in the House next week by Speaker Nolan of Minneapolis and Representatives Fred Starkey of St. Paul and W. L. Bernard of Duluth: Minnesota Federation of Labor, Legal Aid Society of Associated Charities of Minneapolis, the Family Welfare Association, the United Charities of Transportation Brotherhood's Legislative Board, the Federal Shop Crafts Legislative Board, Women's Christian Association, the Women's Coöperative Alliance, the Children's Protective Society, the Unity Settlement Association, the Pillsbury Settlement House and Associated Jewish Charities.

House Passed It Two Years Ago

A large number of prominent individuals and the Minnesota Committee on Social Legislation, representing more than 40 organizations interested in welfare work, are also indorsing the measure.

This same bill was passed by an overwhelming vote in the House two years ago but was lost in the Senate when it failed to come out of the committee in time.—*Minneapolis Tribune, Jan. 5, 1923.*

TO SWAT THE SHARK.

There is no more humane or practical measure to come before the present Minnesota legislative session than the uniform small loan law.

The bill provides not only uniformity in the making of loans but a high degree of protection for borrowers of a class which has been shamefully exploited. This is accomplished by licensing lenders making loans up to $300, specifying the maximum interest rate, placing the lender under the supervision of the state examiner and making it easy to apply adequate penalties to lenders who transgress the law.

If the measure is adopted there will be an end to such obvious evasions of the old usury law as cumulative commissions on loans purposely made for short terms in order to multiply renewals, inspection charges and other devices for ensnaring the unwary employed by chattel lenders of the shark type. There will virtually be an end to such pathetic spectacles as broken men and tortured women having paid $150 on a loan of $100 with the debt as far from cancellation as ever. Such practices were all too common 10 years ago or more; in more recent years the situation has been somewhat relieved by competition from lenders operating upon a fair, business-like basis and by free legal aid to oppressed borrowers. But whatever improvement there has been has resulted from the voluntary action of individuals. Abuses are still possible and actually practiced because it is not a law but merely a business policy that discourages them.

The uniform small loan act will set up a law with teeth in its as a guaranty of fairness and protection to borrowers and the lenders may accordingly expect an increased volume of business because of state supervision.

Sixteen states have this law already in operation. Minnesota should be the seventeenth.—*Minneapolis Daily News, January 6, 1923.*

THE PROBLEM OF SMALL BORROWING.

There is need in Minnesota of more intelligent and effective regulation of the business of those who lend money to small borrowers for limited terms. The existing law is faulty in several particulars. In the first place its terms are easily evaded and its purpose thwarted by those who choose that course. In the second place it does not take into proper consideration the nature and demands of the business itself.

Under the auspices of a great organization—the Russel Sage Foundation, an extensive investigation of this business has been made. The investigators came to the conclusion as a result of their research that it is entirely reasonable and fair to permit the lenders to charge a monthly interest rate of 3½ per cent. This figure is stated as the minimum rate that should be considered in view of the small retail character of the lending, the risks involved, the losses sustained, and the work of collection involved.

There is a large field for this kind of lending that is untouched by the larger lenders of money and unsought by them. In the nature of things the field must be covered in some way, and it should be covered under regulations that experience has shown to be fair to both lenders and borrowers. A system that offers proper safeguards against such extortions as are practiced now by the unscrupulous lenders serves an ever-present need in every populous community.

A regulatory bill now before the Legislature represents the composite impartial judgment of many worthy welfare organizations in the Twin Cities. It would require state licenses of lenders, would limit loans to $300, would establish a maximum interest rate of 3½ per cent a month on unpaid balances, would regulate strictly the business conduct of the lender, and would stipulate penalties for unlicensed dealers, lending money at rates in excess of the rate fixed by the state.

Because the Minnesota law of to-day is vitally defective we have the type of business man called "loan shark" who preys on small borrowers. He is the exception, but he works many injustices on clients, as any one of the organizations sponsoring the pending bill can testify, and he casts reproach on the whole small loan business. There should be such a law as will enable these lenders to make a reasonable—even a generous—profit on their business in legal process. Only thus can the state hope to purge itself of the "loan shark." Anything else creates undue temptation to lawlessness and injustice in the business. —*Minneapolis Tribune, January 6, 1923.*

COMMUNICATIONS.

New Brunswick, N. J.
December, 15, 1922.

Dear Mr. Kehr:

We note in the November issue of the Industrial Lenders News a "Beware" notice, and we have a customer whom we believe it would be of benefit to advertise in this manner. While in this city one Otis F. and Jessie E. Stevens applied to us for a $30 loan, which was paid A No. 1, likewise four loans thereafter. In September 1921 he obtained a $90 loan on which not one penny has been paid. He has held different positions and is a fellow between 30 and 35, clean cut, light complexion and a smooth talker. We traced him to 879 Congress Street, Marion, O., but the laws of Ohio according to our attorney are so different to those of New Jersey, he feels that we would be at a greater loss to press the case. We believe however a little notice will probably save another company, and hope this is not too late.

Very truly yours,
Middlesex Finance Co.,
F. B. Merritt, *President.*

Dear Mr. Kehr:

In connection with the legislative map which the Bureau prepared, we are advised that Wisconsin appears erroneously. The reason for this is that the Small Loan Law of that state, which is the laws of 1913, chapter 115, approved April 26th, was declared to be unconstitutional by the attorney general of the state, so that the commissioner of banking has written the Bureau that money lenders' licenses are not required and that all sections of the act are void except in so far as it limits the rate of interest and fees which may be charged to 7% per annum on loans of $100 or less; plus 4% per annum on a reasonable sum actually lent.

This act provided for a "permit," as it is called, and provided for no license fee, no bond and no renewal of the permit.

Wisconsin, therefore, is in the same position as Mississippi and Texas, where previous inadequate loan laws have been declared unconstitutional and should have been so indicated in the outline of the state map.

It may be desirable to print this for the general information of those who have occasion to examine the map. We are at a loss to understand how the detail was overlooked when the map was prepared, as the Bureau records clearly show this situation.

Very respectfully,
Dorothy Clair,
Acting Secretary.

NEW JERSEY.

At a meeting of the New Jersey Association, held at Paterson, New Jersey, November 23d, the association went on record against sending the Lenders News free to anyone excepting those holding membership in the national body, and that if licensees who are members of state associations but are not affiliated with the national body desire to receive the publication that they should subscribe and pay for the publication, to the National Secretary direct.

On the subject of financing future national conventions, it was the sense of those present that the same be financed half from the National Treasury and the other half to be contributed by the association located in the state where the convention is held; and against the proposition of levying an assessment against other state associations for defraying any part of the expenses as it was felt that all taxation for national purposes should be embodied in the national dues.

The following were recently elected members of the New Jersey Association: American Finance Co., Perth Amboy; Beneficial Loan Society, Paterson; Guarantee Loan Co., Camden; Beneficial Loan Society, Orange; Household Loan Co., Trenton.

DUES.

On February 1st, dues in the American Industrial Lenders Association will be payable through your State Association Secretary, or the National Secretary, according to your location. Do not postpone attention to this important matter because the longer you do the longer you will be without your new 1923 membership certificate. The American Industrial Lenders Association has undertaken to partially support a number of important legislative campaigns and must be refinanced to carry on its other important work. Your continued support will prove your appreciation and wisdom.

NEW MEMBERS.

The following have recently been added to the A. I. L. A. membership Pa.; Beneficial Loan Society, Easton, Pa.; Beneficial Loan Society, Reading, Pa. Other offices of this same organization which have lately been opened are expected to be elected to membership during the coming month.

ALABAMA COURT OF APPEALS UHOLDS MONEY LENDERS ACT.

Alabama Brokerage Co., v. Boston. (6 Div. 946.)

(Court of Appeals of Alabama. April 18, 1922. Rehearing Denied May 9, 1922).

1. **Appeal and error Key 170 (2)—Points not raised below will not be reviewed.**

Points as to the constitutionality of a statute not raised below will not be reviewed on appeal.

2. **Constitutional law Key 242—Money Lenders Act not in violation of equal rights.**

Money Lenders Act of March 9, 1901 (Laws 1901, p. 2685), is not unconstitutional, as violating Const. 1875, art. 1, §2, guaranteeing equal rights.

3. **Constitutional law Key 159, 205 (2)—Money Lenders Act does not impair contracts nor grant special privileges.**

Money Lenders Act of March 9, 1901 (Laws 1901, p. 2685), is not unconstitutional as violating Const. 1875, art. 1, § 23, forbidding impairment of obligation of contracts and granting of special privileges and immunities.

4. **Eminent domain Key 2 (1)—Money Lenders Act not unconstitutional as taking private property for public use.**

Money Lenders Act of March 9, 1901 (Laws 1901, p. 2685), is not unconstitutional as violating Const. 1875, art. 1, § 24, and Const. 1901, § 23, forbidding taking of private property for public use.

5. **Pawnbrokers and money lenders Key 2—Money Lenders Act Valid.**

Money Lenders Act of March 9, 1901 (Laws 1901, p. 2685), is not unconstitutional as violating Const. 1901, § 35, providing that the sole object of government is the protection of life, liberty, and property.

6. **Statutes Key 84—Money Lenders Act not void as local law regulating rate of interest.**

Money Lenders Act of March 9, 1901 (Laws 1901, p. 2685), is not unconstitutional as violating Const. 1901, § 104, subsec. 13, prohibiting local laws regulating the rate of interest.

7. **Statutes Key 82—Money Lenders Act not invalid as local law affecting liens.**

Money Lenders Act of March 9, 1901 (Laws 1901, 2685), is not unconstitutional as violating Const. 1901, § 104, subsec. 19, forbidding local laws creating, extending, or impairing liens.

8. **Pawnbrokers and money lenders Key 1—Money Lending may be regulated.**

The business of lending money may be regulated by the Legislature.

Appeal from Circuit Court, Jefferson County; C. B. Smith, Judge.

Suit by Joe Boston against the Alabama Brokerage Company for damages for causing the loss of his employment by filing with his employer an assignment of wages. Judgment for the plaintiff in the sum of $1,000, and the defendant appeals. Affirmed.

The complaint was as follows:

Count 1 was eliminated on demurrer, but is copied here as part of same was included in count A when the complaint was amended:

"The plaintiff claims of the defendant $5,000 damages, for this, that heretofore, to wit, on the 15th day of September, 1920, the defendant willfully, wantonly and intentionally and maliciously and wrongfully placed or caused to be placed with plaintiff's employer, St. Louis-San Francisco, Railroad Company, a corporation, an alleged assignment of wages or 'notice' or assignment of wages, which assignment or notice therof was 'void,' which was known to the defendant, but, notwithstanding said knowledge, the defendant willfully, wantonly, and intentionally, wrongfully, and maliciously placed or caused to be placed with said St. Louis-San Francisco Railroad Company, the same well knowing that so to do would in all probability cause plaintiff to be discharged from the services of said employer, and without regard to the consequences of said wrongful, willful, wanton, intentional, and malicious act which said act defendant did, or caused to be done, on the day and date aforesaid: and plaintiff further avers that, on account thereof, and as a direct and proximate consequence thereof, said St. Louis-San Francisco Railroad Company has pulled plaintiff out of their service and discharged him from his occupation as fireman for said St. Louis-San Francisco Railroad Company, at which occupation plaintiff earned a livelihood; and plaintiff further avers that he has suffered very great loss, inconvenience, and annoyance, that he has been unable to collect his wages due him from said railroad company without suit against them, and that he has been unable to pay his just debts on account thereof; that he has been unable to procure other employment and has lost much time on account thereof; that he has been rendered less able to aid and provide a suitable living for his wife and children; that plaintiff's standing and reputation with his said employer has been greatly damaged; that he has suffered great damage in that it has been made difficult for him to procure other like employment in the Birmingham district. And, whereas plaintiff further says that all of his aforesaid injuries and damages were caused by reason of and as a direct and proximate consequence of the willful, wanton, intentional, wrongful, and malicious conduct of the defendant as aforesaid; hence plaintiff sues."

"Count A. Comes the plaintiff in the above-entitled cause, and, with leave of the court first had and obtained, amends his complaint by hereby referring to and incorporating, as a part of the following count, called 'A,' all words and figures contained in count 1 of plaintiff's complaint heretofore filed, and, in addition thereto, immediately following the word 'void,' wherever, the said word appears in said count 1, the following averment, to wit: That said assignment was not in compliance with the act of Alabama Legislature approved April 11, 1911; that the defendant was a money lender, and engaged in the business of lending money in Alabama; that the assignment the defendant held at the time alleged assignment was filed with said plaintiff's employer the same was? and was for a loan of money and given for wages to be earned."

"Count B. The plaintiff claims of the defendant the sum of $5,000 damages for this, that heretofore, on, to wit, the 15th day of September, 1920, plaintiff was an employe of the St. Louis-San Francisco Railroad Company; that on or about said day and date aforesaid the defendant, acting through its servants or agents within the line or scope of their authority or employment, willfully, wantonly, and maliciously lodged with plaintiff's said employer an assignment or notice of an assignment of wages; and plaintiff avers that said alleged assignment, if any there was, was void, in that it failed to comply with the terms of the Money Lenders Act of Alabama in the year of 1901, approved March 9, 1901; that a copy of same was not furnished plaintiff at time same was purported to be executed; that same had not been recorded in the office of the judge of probate of Jefferson County within five days after its making, if made; that it was taken by defendant, if any there was, for a loan of money as security, and rate of interest is not stated; that the defendant was engaged in the business of money broker; and plaintiff well knowing that said assignment was void, and that its filing of the same with plaintiff's employer would cause plaintiff's said employer to discharge plaintiff from its service; and plaintiff avers that the defendant, acting as aforesaid, notwithstanding said knowledge, did willfully, wantonly, and maliciously lodge or cause said assignment to be lodged with said employer; and plaintiff avers that, as a direct and proximate consequence of said willful, wanton, and malicious act, plaintiff lost much time from his employment; that his said employer discharged him and he suffered all the injuries and damages set out in count A of plaintiff's complaint, heretofore filed, which injuries and damages are hereby specially referred to and made a part of this count."

The following are the grounds of demurrer:

"Now comes the defendant and demurs to the complaint as amended and to each count thereof, separately and severally, and assigns the following grounds of demurrer to said complaint and to each count thereof:

"(1) That the facts alleged in said complaint do not as a matter of law render said assignment void.

"(2) That said act of Legislature of 1901, under which said count B of the complaint as amended is drawn, is void and unconstitutional in this: Said act is what is known as class legislation; said act violates section 23 and section 24 of the Constitution of 1875 (article 1); said act violates section 2, art. 1, of the Constitution of 1875; said act violates section 22 and section 35 of the Constitution of 1901; said act violates section 104 of the Constitution of 1901; said act violates subdivisions 13 and 19 of section 104 of the Constitution of 1901.

"(3) Said act of 1901, commonly known as the Money Lenders Act, under which said count B of said complaint as amended is drawn, is void and unconstitutional in this: Said act attempts arbitrarily to place certain burdens, restrictions, and penalities upon persons conducting a certain business in the countries of Jefferson, Walker, Morgan, and Etowah, and same restrictions, burdens, and penalities are not placed upon those doing a like business in the other counties of the state.

"(4) It is not made to appear that the transactions of the plaintiff and defendant come within the purview of the act of the Legislature of Alabama approved March 9, 1901, regulating the business of money brokers or persons who lend money for themselves or others on bills of sale, notes, or mortgages on personal property or other personal security in Jefferson, Morgan, Walker, and Etowah Counties.

"(5) The act of March 9, 1901, regulating the business of money brokers or persons who lend money for themselves or others on bills of sale, notes, or mortgages on personal property, or other personal security, in Jefferson, Morgan, Walker, and Etowah Counties, is unconstitutional, in that it unjustly restricts counties in the exercise of their right of contract.

"(6) Said act of March 9, 1901, is unconstitutional in that it only applies to loans which do not exceed $75, and which are not made by persons engaged in the business of banking.

"(7) Said act of March 9, 1901, is contrary to the general law of the state of Alabama regulating the rate of interest on loans of money in the amount not exceeding $75.

"(8) Said act of March 9, 1901, undertakes to permit money brokers to charge 12½ per cent per annum on loans of money of less than $75, in violation of the general law of the state of Alabama.

"(9) Said act of March 9, 1901, is unconstitutional in its terms, obligations, and effect.

"(10) Said act of Legislature regulating the rate of money in Jefferson and other counties is contrary to section 104 of the Constitution of Alabama, in that it permits the higher rate of interest to be charged than 8 per cent per annum.

"(11) Said act of March 9, 1901, regulating the business of money brokers, or persons who lend money for themselves or others on bills of sale, notes, or mortgages on personal property, or other personal security, in Jefferson, Morgan, Walker, and Etowah Counties, is unconstitutional and void, in that it makes it a criminal offense for any person other than one engaged in the banking business to take or attempt to take, except by regular process, any property sold or mortgaged, or on which he claims a lien obtained by him as security for a loan which does not exceed $75, and which was made for him through a money broker engaged in business in Jefferson County, Ala., and which said loan was made at a rate of interest not exceeding 8 per cent per annum, and which was evidenced by a note signed by a mark, unless said signature was attested by two witnesses who were not of kin to the lender, and who were in no way interested in the loan, either directly or indirectly, and who were not at the time employed by the lender, and unless the mortgage or lien has been recorded as required by section 101 said act."

D. D. Trimble, of Birmingham, of appellant.

C. E. Wilder, of Birmingham, for appellee.

Bricken, P. J. The appellee brought suit against the appellant to recover damages for certain injuries alleged to have been caused by appellant.

The theory of his action is that the appellant was a money broker in Jefferson County, Ala.; that appellee was employed by a railroad in that county, and borrowed some money from the appellant and to secure that loan gave the appellant an assignment on his wages to be earned in the future from the railroad company; that this assignment was void under the act of 1911 regulating the assignments (Acts 1911, p. 370), and under the Money Lenders Act of 1901 (Acts 1901, p. 2685); that the appellant presented this void assignment to appellee's employer, and insisted upon payment thereof, which resulted in his discharge, and in the injury and damage complained of. There was a verdict and judgment in favor of the appellee for $1,000, from which this appeal is prosecuted.

On this appeal it is practically conceded that the assignment was void under the two statutes above referred to, if the statutes be valid enactments. In the letter accompanying his brief counsel for the appellant expressly waives all assignments of error except the first and second, which challenge the sufficiency of accounts A and B of the complaint as amended. These two counts of the complaint sufficiently show that the assignment was void if the two statutes above referred to are constitutional, and that the plaintiff was entitled to maintain the action for the alleged injury done him.

(1) The main insistence on this appeal is that the act approved March 9, 1901, known as the "Money Lenders Act," is unconstitutional. In brief, it is argued that this law violates article 14 of the federal Constitution; but, as this point was not raised in the lower court, it is not presentd for review here. The appellant further contends that the act above referred to violates section 2, art. 1, and sections 23 and 24 of the Constitution of 1875, and that it violates sections 23, 35, 104, and subsections 13 and 19 of section 104 of the Constitution of Alabama of 1901. The appellant further contends that this statute arbitrarily places a burden, restriction, and penalties upon money lenders in the four counties to which it applies that are not placed on persons engaged in like business in other counties of the state, and that the act discriminates between banks and money lenders.

Many of the objections raised by the appellant to this act are satisfactorily answerd in the excellent opinion of the late District Judge Jones in Re Home Discount Co. (D. C.) 147 Fed. 538, where this act was construed and its constitutionality upheld.

(2-7) Without taking up each of the sections of the Constitution above referred to, and discussing each contention seriatim, it is sufficient to say that, in our opinion, this act is not violative of any of the constitutional provisions above referred to. The act of March 9, 1901, does nothing more than regulate certain transactions, like the statute of frauds regulates certain transactions, and like the latter statute declares all contracts void that do not comply with its requirments.

(8) The business of money lending may be regulated by the Legislature without doing violence to any constitutional provision, and we think this statute is not subject to any of the criticisms directed against it in the brief on file. Mutual Loan Co. v. Martell, 222 U. S. 225, 32 Sup. Ct. 74, 56 L. Ed. 175, Ann. Cas. 1913B, 529; State v Sherman, 18 Wyo. 169, 105 Pac. 299, 27 L. R. A. (N. S.) 898, Ann Cas. 1912C, 819; Bullard Investment Co. v. Ford (Ala. App.) 89 South. 837; In re Home Discount Co., supra; International Text Book Co. v. Weissinger, 160 Ind. 349, 65 N. E. 521, 65 L. R. A. 599, 98 Am. St. Rep. 334.

The demurrer to Counts A and B as amended being properly overruled, and this being the only ruling of the trial court that we are invited to review, it results that the judgment appealed from must be affirmed.

Affirmed.—*The Southern Reporter, Oct. 28, 1922.*

ILLINOIS.

To the membership of the Illinois Industrial Lenders Association, and others.

Announcing the regular quarterly meeting.

Time:—Friday, January 26, 1923, six P. M.

Place:—Morrison Hotel, Chicago.

Program:—Dinner, no entertainment, no speakers, no visitors, strictly stag, except ladies actively engaged in the business.

Object:—To give everyone an opportunity to express himself freely; to unburden himself of any complaints, queries or suggestions; to offer constructive criticism, or, in other words—to think out loud in any manner he darn pleases.

Reason:—To gratify a long-felt desire of President Woll's, and others, to have just such a meeting, in a hope to develop a more intimate feeling among our members, and, with a desire, through such contact, to improve every day business practices.

Result:—This arrangement should result in the most substantially representative meeting we have ever had. If such is the case, it will undoubtedly be the most important, instructive and beneficial meeting in our history, so far as the interest of the practical loan man is concerned.

Question:—Will you attend? Or rather, how can you stay away?

Sincerely,
L. T. Baker,
Secretary.

W. P. Woll,
President.

PEORIA, ILLINOIS.

November 21, 1922.

Dear Sir:

Enclosed please find check for the Lenders News, which according to our records should pay up to July, 1923. Sorry this was overlooked by us until this time.

I am enclosing with this a little talk made at our luncheon club a short time ago, also a newspaper clipping with reference to our Credit Grantors Association, which will convey the information as to my connection with it, in fact the loan men here are all members, and we have a very live organization. We are putting on to-night a mock trial, with some of the best attorneys participating. The trial will bring out some facts which are not generally known to credit men. The activities of loan men in their local organizations is, we think, a good thing and the benefits accruing to the loan business are, no doubt, beneficial and far reaching.

The National Convention, this year, must have been a wonderful meeting, and I indeed was sorry that it was not possible for me to have been present. General business conditions here, we think, are very good.

Yours very truly,
A. E. Paris, *Manager,*
Central Loan Company.

Short Talk Made to the Peoria Advertising and Selling Club.

My impression of the subject: What we have done to improve business; seems to have been somewhat different than the gentlemen who have preceeded me on the program.

My thought on observing the subject for discussion to-day was that it had reference to the thing or things that our particular business had furthered or promoted as directly affecting our customers or clients with reference to aiding or assisting them with the problems which have been theirs since the close of the world war.

Of course the reducing of overhead, the purchasing of goods in smaller quantities, permitting a quicker turn over, the use of proven rules of advertising, are all splendid for the improvement of business within its self, and the customer gets the benefit of it in the reduced price of his purchase.

However to those of you who are not familar with my business, the Industrial Loan business, I desire to say that our part in the effort to improve business, has been largely along the following lines. We have loaned money to a great number of clients to pay house rent, grocery bills, and many other accounts of like nature, brought into existence by loss of employment, or reduced wages.

This money has entered the regular channels of mercantile places and has served a double purpose if you please, for it has permitted that individual to discharge his pressing obligations, thereby making a more contented citizen of him, and by reaching the common avenues of trade has had its certain effect on business in general.

The amount of this money when you consider the five companys so engaged in this work in this city, is a neat sum, and no doubt much of it has passed through the hands of many of the firms you gentlemen represent.

We have extended to those of our clients who were unable to pay through lack of employment or sickness, the time of their payment, and in some cases this has been many months.

This we feel, has had its quieting effect, rather than an irrating one, and when we consider the number we are serving, we can assume that it has had some little to do with the improvement of business, for surely it has not disturbed. We believe that the conduct of our buiness since June 14, 1917, has been such, that we have the confidence of those with whom we come in contact, and that we are lifting, rather than pulling, thus taking our place with other lines of effort which help to make a city.

A E. Paris.

TRUE SUCCESS.

The only permanent basis for success is righteousness. For a young person to get any other belief into his mind is fatal.

Of course, there are a great many people who have money or who occupy a conspicuous place, or who otherwise seem to be flourishing, and are not righteous, but if any one has not sense enough to see that these are exceptions to a great general rule he has not sense enough to succeed.

Success in the U. S. A. means success in business.

And business in its largest and most permanent terms is the most moral thing in the world, the one thing in the world to which righteousness is the most essential.

The great business successes of the modern world are not founded on lies, nor cheating, nor profiteering, nor graft. They are founded on honesty, integrity, good faith and good will.

Judge Gary, chairman of the United States Steel Corporation, speaking the other day at a chamber of commerce luncheon, made the statement that those who occupy positions high in the business world should make certain "that at all times and in every way we do the right and square thing, that we treat our business associates right, that we treat our neighbors right, that we treat our employes right that we treat the public right, and then stand up for our own rights."

Which is pretty good gospel.

MARYLAND.

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room of the Merchants and Manufacturers Association, Baltimore on Tuesday evening, January 9th at 8 o'clock. Chairman Larsen presided.

The minutes of the meeting show that there were present, Messers. J. Edgar Richardson and Earl Fuggitt, of the United Finance and Security Corporation; H. C. Moore, Chesapeake Loan Company; E. S. Armstrong, National Equitable & Investment Company; W. F. Oliver, Jr., F. M. Ebert and C. R. Hathaway, Household Loan Company; Lewis F. Eckhardt and Roy T. Baseman, Peoples Loan Society; F. B. Snyder, Beneficial Loan Society; E. F. Moore and H. H. Larsen, of Philadelphia, Pa.

Upon motion by Mr. Oliver, seconded by Mr. Snyder, the reading of the minutes of last meeting were dispensed with.

Report of Officers.

The chairman of the Executive Committee and Entertainment Committee being absent, the secretary reports the Entertainment Committee had been successful in securing Mr. E. S. Armstrong to prepare a paper to be read at this meeting. Mr. Armstrong chose as his subject "Coöperation."

In the absence of our treasurer, the secretary reports that the association has on hand, $232.44 in cash with an advertising bill, covering three months in the *Baltimore Magazine* for $41.35. The matter being acted upon, the secretary was instructed to advise the treasurer to immediately pay the said advertising bill. It was recommended by a majority of the members that the secretary suggest to the Executive Committee that they change our ad in the *Baltimore Magazine* in each issue.

The secretary reports that the Executive Committee held a meeting on November 23d, 1922 in the office of the Coöperative Loan and Investment Company, at which time, it was decided upon that not over $3,000 be spent in financing National Conventions in the future. Half of this amount to be raised by the State Associations, and the balance paid out of the National Treasury. It was the consensus of opinion that Atlantic City would be a most desirable place to hold our next National Convention. Immediately after this meeting the secretary advised Mr. Kehr, our National Secretary, as to our views on the subject.

The Executive Committee advised that they have been making a few investigations relative to the legality of new concerns operating in this city under the pretext of buying salaries from railroad employees, instead of making straight loans. If they are lending money on Salary Assignments, they naturally should be under the Banking Department Supervision. A complete report will be submitted at our February meeting as to what has been accomplished in this connection.

The secretary requested that each member send in promptly their check in payment of their semi-annual dues in the association. He also urged that the members send in their National dues at their earliest convenience in order that he may send Mr. Kehr, our National secretary, his check promptly in payment of all Maryland members.

Mr. Oliver called attention to the association of the sadness that came into the home of Mr. Hood, of the Coöperative Loan and Investment Company and offered a motion that the secretary advise the treasurer to order a floral design, and send it to Mr. Hood's residence in memory of the little mind that has passed out. This matter being seconded, and carried unanimously, the secretary arranged the matter promptly.

Mr. Armstrong being called upon read a brief paper entitled "Coöperation" as follows:

"Coöperation."

The definition given in Webster's Dictionary is: "The act of working jointly together."

The loan business in this city has been "each man for himself." That is why, to-day, we have not a larger membership in this association. But before we find fault with others, clean out our own house first. We have a clearing house. How many of us take advantage of it? Can you give any good reason for not all using same? No, "Every man for himself" is the motto.

We cannot expect the public to have faith in us if we do not trust one another. Then why find fault with outsiders. We in the association should coöperate more and lead the way, for "In unity there is strength."

The power of all success is faith in others. We must cultivate this among ourselves. We must coöperate with the public by doing everything open and above board. If we do a clean, legitimate business, and not by the old method of get [illegible] money under any condition and not consider the other loan man, we cannot demand respect for our line of business.

The manager must coöperate with the Home Office, even though the management of his office is left to his discreation. There must not only be coöperation with the Home Office, but also with our own employees.

The investigator has it in his power to do great harm to his manager. When he is found to coöperate, greater results are gained, not only for his office, but for himself.

Efficiency in those ways in the office is a great asset. The way in which the customers are handled by these employees makes the reputation of the company. When we are treated courteously they immediately respect the company with which they are dealing.

We, as members of this association, should take the initiative in this great work of coöperation for the success of our business.

E. S. Armstrong.

Mr. Armstrong was complimented by several members, after which a general discussion took place by most every one present upon this subject.

Mr. Hathaway suggested to the association as to how good it would be to have every outside man in our offices present at each meeting. It is hoped that each manager will insist upon his outside men being present at all future meetings.

Upon a suggestion being made by Mr. Baseman that an outside man be assigned to prepare a paper to be read at our February meeting, this suggestion being looked upon with favor by most of the members, the secretary was instructed to contact the Entertainment Committee in this connection. It is hoped that a wide-awake outside man will be requested to prepare a paper to be read at February meeting that will bring a message to us all.

Mr. E. F. Moore, gave the members an impressive talk about the goodness of having a central exchange in Baltimore. He explained how successful the exchange was working in Scranton, Wilkes-Barre. Reading, Philadelphia, and other cities. He also sighted several cases where considerable money had been saved by members of the exchange through information they were successful in obtaining by being members of the exchange. It is a well known fact that there is a certain class of borrower who will willingly obtain as many loans as possible on his household furniture. An exchange successfully run is the only way that this evil can be corrected. It was a pity more members were not present to hear this clear forceful talk upon one of the foremost phases of the loan business of to-day.

There being no further business to transact, upon motion by Mr. Ebert, seconded by Mr. Snyder, the meeting adjourned until Tuesday evening, at 8 o'clock, February 13th.

H. C. Moore, *Secretary.*

PENNSYLVANIA.

Our members will be pleased to know that Governor elect Gifford Pinchot has reappointed Peter G. Cameron to be Banking Commissioner during his administration. Ex Banking Commissioner John S. Fisher is also to be appointed to an important cabinet position in the Pinchot program as he will be at the head of the new commerce department to be created.

OHIO.

It is reported that on January 10th, Senator Longhead introduced a bill entitled "To amend Section 6346-5 of the General Code to decrease the rate of interest on chattel loans of large amount."

THEY SAY.

Judge Elbert H. Gary, head of the United States Steel Corporation:

"Let us demand in this country full, fair, impartial, competent publicity, applied without fear or discrimination. The attitude and conduct of a nation should not be different from that of an individual. Gentlemen, what we preach let us practice conscientiously. Let us always transact our business on the basis of rendering a full equivalent for what we demand."

Judge E. H. Gary.

HELP LOCATE 'EM.

Cambridge, Ohio.
December 9, 1922.

Mr. G. W. Kehr,
Harrisburg, Pa.
Dear Sir:

I am very sorry that I have been so long in answering your letter of November 29th, but the delay was unavoidable, as I had three different books to go through in order to get the information I desired in regard to the license numbers that were on the machines of Lewis & Hazel Atwell, when they left this city.

Upon examining the records, I find that Ohio license No. 332310 was issued to Mr. Atwell for a Ford Touring car, and license number 396826 was issued to him to be used on an Overland Touring car.

Hoping that this information will enable us to at least get a line on this man, and protect some other company of a bad loan, I remain,

Yours truly,
The Commonwealth Loan Co.
By H. R. Matthew, *Manager.*

ADDRESS WANTED.

One of our members sends us the name, description etc., of a skip. The description follows:—

Name, Louis Atwell, wife Hazel, height about six feet, dark complexion hair turning gray, age about 60 years, wife's age about 35 years. When they left Cambridge, Ohio, they had 5 children, ranging in age from six months to 15 years. These people live in a camping outfit, composed of one Euick car with room built on, two Overland cars with rooms built on, and one Ford car with room built on. He told neighbors that he was going to Texas, but we heard later that he was somewhere in Florida.

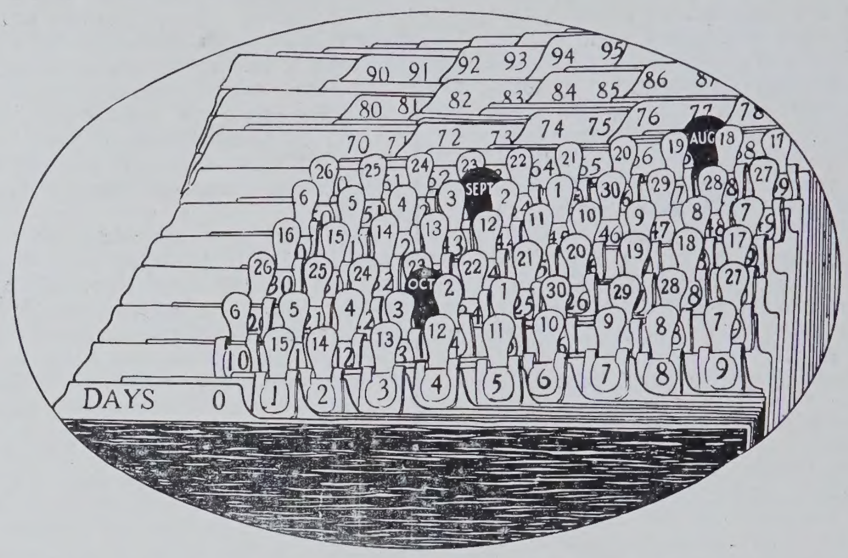
Any information regarding these people will be appreciated by the Commonwealth Loan Co., of Cambridge, Ohio.

FRAUD ATTEMPTS RARE, CREDIT MEN ARE TOLD.

"Most people are honest, . It is a rare case when fraud is attempted. However, we want to know if the dealer is honest, if he is free from corrupt influences and practices and if he has due regard for contract obligations." This was part of a speech. "A Mercantile Analysis of a Financial Statement," given by J. A. Everson, assistant sales manager of the International Harvester Company, before the forum of the Chicago Association of Credit Men last night. He said that in the final analysis the basis of credit is integrity, ability and capital.

LOAN OFFICES WANTED.

The undersigned has a client willing to purchase for spot cash, after confidential examination, one or more going loan offices in legal states. Negotiations strictly confidential. Inquiries invited. Address Robert J. Beatty,
Rowlands Building,
Columbus, Ohio.



ACCURACY--ECONOMY--SPEED

To All Users of Meilicke Calculators

A CALENDAR SIGNAL SYSTEM has just been devised which means even greater efficiency to all offices now equipped with the small MEILICKE INTEREST CALCULATOR—Model U.

The purpose of this calendar system is to *eliminate the computing of time*—in other words, the figuring of the number of days between payments is done away with by the use of this metal calendar signal system. It is attached to the celluloid tabs of the cards according to the days of the month. By turning back to the date of the previous payment you will read the correct interest answer immediately. No mistakes and a wonderful saving of time is effected. Now in use in many offices.

To offices now using the MEILICKE TIME AND INTEREST CALCULATING MACHINE we would strongly urge your trying one of our smaller models (Model U as shown above) in addition to your present equipment. For phone conversation, or on the manager's desk they are very practical. Especially useful in checking mail payments.

Price is only $2.50 per set, prepaid. Cash with order

Set consists of 60 days and full set of months. Full directions furnished.

Read What Baker & Company, Chicago, Say

The William I. Marsh Co., Chicago.

Gentlemen: —The Model "U" with the calendar signal system or date clips is both speedy and convenient. The changing of these clips each morning, by actual observation, consumes between three and four minutes, which means a great saving of time as compared with its operation during a day's business, without the signal system. After the use of the clips is clearly understood, there is not a busy Loan Office in the country that would do without your Model "U" with the calendar signal system attached, after a ten days' trial.

We heartily endorse this little device, and conscientiously recommend it to every man in the business. Very truly yours,

BAKER & COMPANY
Per L. T. Baker.

Schedule of the TwentyMost Popular Loans at 3½% Per Month

Complete table, showing amount of loan, schedule of monthly payments, total interest and total payment of principal and interest for each month for the life of the loan. **Price, 50 cents Each.** Same bound in leather with celluloid top, **$2.75 each,** cash with order, sent postpaid.

3% and 3½% INTEREST TABLES—$1 to $300 and from one day to thirty days, **$3.75 per thousand.** Big aid in getting full interest due for Actual Days.

THE WILLIAM I. MARSH COMPANY

MEILICKE INTEREST CALCULATORS

102 N. WELLS ST. **CHICAGO, ILLINOIS**

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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UNIVERSITY ... MAR 15 1923

MONEY AS A STABILIZER

An Address by Hon. J. Willis Martin, President Judge of the Court of Common Pleas, Philadelphia, before the Annual Meeting of the Pennsylvania Association, November 16, 1922

It is indeed a great privilege to have been invited to this gathering to-night, not only by reason of the admirable entertainment that has been presented to us, but it is a rarer privilege to be able to look into the faces of these beautiful women and handsome men and feel they can be "touched" for a loan! (Laughter.)

There are various ways, as you know, of obtaining money. Three small boys were discussing the financial problem one day, when one of the boys said, "I bet you my father makes more than your two fathers put together." And the other boy said, "Why, what does your father do to make so much money?" The first boy said, "My father is a doctor, and he just sits there all day, and the people come in, and he writes on a little piece of paper and they go out and they pay him $10 every time they come there." The second boy said, "Oh, that's nothing. My father is a lawyer. He goes into court and talks for twenty minutes or a half hour, and he gets $500." The third boy scoffed. "Well, my father can make more money than your two fathers put together. He makes a whole lot of money." And the other two asked him, "What does your father do?" He replied proudly, "My father is a minister, and when he preaches on Sunday it takes six men to carry up the money!" (Laughter.)

The grim struggle that enveloped the world from 1914 to 1918 strained the mental and material resources of the world. In that struggle mankind exerted more brain power, energy and resourcefulness than it was ever thought it possessed. All the fiery concentrated energy of the human race was applied to the principle of self-preservation. It was the biggest job man has ever undertaken, in vastness, intensity and human effort; and when the war was ended and the victory was won, and the great adventure over, men and women came back to find the old ways tame, the old life dull, the old restraints burdensome, and they themselves possessed by a desire for change and variety and a longing for something different that they never felt before. We see it in the turnover in industry, in the strikes, in the enormous increases in divorces and the crimes of violence, murder and the lust for gain, and the extravagant expenditure of men and women, and, what is worse, in the discontent.

There are two ways of treating a disease, and this was a disease of the body politic. One is to treat the symptoms and the other is to remove the cause. For many years, and until comparatively recent times, as an illustration, take the case of insanity. The doctors in a hospital for the insane assumed that when manifestations of behavior indicating an insane patient were apparent, that there must be a lesion of the brain. That theory has been exploded to very large extent, for a great many manifestations of insanity are the reflex of some trouble with the kidneys, with the digestive apparatus, or some other organ of the body, and, when that has been straightened out, more cases of insanity have been cured than were ever thought of in the years gone by. And in many other instances that is true—instead of treating the symptoms, the doctors have tried to arrive at the cause, and so to-day the politicians and statesmen are endeavoring to find the cause for this unrest and remove the cause rather than undertake to force people who were in this state of mind to obey the laws and conform with the customs.

In recent times a scientist has invented the gyroscope, what is known as a stabilizer, and this is put aboard ships and its use has reduced the roll of a ship in a heavy sea from about seventeen and a half degrees to three and a half degrees; and so it is important that this uprising, this upheaval in the world politic should be reached in some such way by a "stabilizer". How are you going to do it? The first thing to study is the mode of bringing it about. Now, in the case where the man who has not is jealous of the man who has, the best way is to endeavor not necessarily to take from the man who has and destroy him, but to build up the man who has not, and one of the great principles by which this City of Philadelphia has come to be known as "the city of homes" is because every encouragement has been offered to the smaller earners to own their own homes, and hence we have a condition where in case of riot, the law applicable to this county makes the county responsible in tax for any damage done, and it is necessary to bring home to the great body of rioters most of whom are property owners, that it means a tax on property, to eliminate the idea of destroying property. And that brings to my mind an advertisement that appeared some time ago in a daily paper reading: "Wanted, 300 rats and 1000 roaches," and someone being curious to find out why the rats and roaches were wanted, whether for scientific purposes, or otherwise, went down to the office of the newspaper to ascertain who could put in such an advertisement, he wanted to find out, as a matter of curiosity, what a man needed all these rats and roaches for. He secured the address of the advertiser from the newspaper, and when he arrived at that address he found a pretty ill-natured sort of a fellow, and the curious one said, "Tell me this—what was your idea of inserting this advertisement in the paper—wanted 300 rats and 1000 roaches." "Well," the other replied, "I have been living in this house for some time, and my landlord is a very hard proposition, he has been putting up the rent year after year, and I got notice from him a short time ago that if I didn't pay a larger rent next year I would have to surrender the house, but the lease states I would have to surrender the house in the same condition as when I rented it, reasonable wear and tear excepted, and that is why I wanted the rats and roaches." (Laughter and applause.)

Now one of the best illustrations perhaps of that condition of unrest that arises by reason of the desire for wealth, appeared when the automobile was first introduced. Originally the automobile was an expensive article and only the wealthy could afford it. Automobiles were for the hated rich, and there was a great deal of ill-feeling on the part of those who travelled the streets and saw these automobiles dashing about in a way to endanger life and limb, and, as occasionally happened, someone was run down and the person driving the automobile was brought into the criminal court. Great difficulty was experienced in keeping them from being punished, no matter what the circumstances were. I recall the case of a man who was innocent of any vicious intent or design who ran his automobile up Broad Street on the East Side as far as Cambria Street. At that point they were tearing down a building, and the bricks from this old building were piled up into a large sized pile, say

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Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
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R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—C. M. Garrett, 312 Law Bldg., Lynchburg.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

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12 feet high, 15 feet wide, and about 60 feet long. This man ran his automobile until he came near the crossing, when he slowed up, and when he passed the crossing he began to speed up again, and when he came to the upper end of this pile of bricks, which was about 60 feet from the crossing, a man suddenly rushed out from behind the bricks and dashed in front of the automobile, and, of course, was knocked down and injured. The driver stopped his machine and took the injured man to the Samaritan Hospital, where he engaged a private room, and went to see the man's family to find out what he could do. The man was not very seriously injured, and in about six weeks he was out of the hospital, all his bills were paid by the man who drove the motor; and the first place that injured man went was to a lawyer's office, and the lawyer, in order to intimidate the driver and force him into making a settlement, had him immediately arrested, and later his trial came up, and the jury had all made up their minds to punish him severely. But the foreman of that jury happened to own an automobile, he knew how unjust the whole thing was, that the accident was really the fault of the man who had been injured, and so he said he would stay out all night before he would bring in a verdict against the driver of the automobile, because it was most unjust. Now, today, nearly every man, woman, boy or girl owns a "tin lizzie", and it is very hard to punish anybody, indeed the pedestrian seems to have no right on the highway.

You may recall the story of the two Irishmen who met one day on the street, and one said to the other, "Mike, I have been thinking over the hard times, and I have decided the best thing for all of us is to become Socialists." "Why, that's what I am," said Casey. "You are a Socialist?" said the other. "Shure, I'm a Socialist," said Casey. Said the first, "Do you mean if you had two horses you would give me one?" "Of course I would." "If you had two cows, would you give me one?" "I would." "And if you had two goats, would you give me one?" "I would not," said the other. "Why is that?" the first asked in surprise. "Because," said the other, "I have two goats." (Laughter.)

There are two great advantages offered in this business that you men are engaged in—one, the advantage to the lender, the other advantage to the borrower. When a man is in the condition of depending upon his manual labor, if he has any intelligence at all he knows that ultimately that will not get him anywhere, especially if he expects to raise a family and has to depend upon the work of his hands. But he also knows, by what he reads and hears, that many a man who had nothing but his hands to depend on, with the use of his brain power and a small amount of capital, not only acquired a fortune but became eminent in the community. The knowledge that in order to borrow money he must have collateral, is going to make that man hopeless. What chances are there for the man like that, naturally envious of those who are better off? Now, if the man can go to an institution to borrow money, and can borrow that money not on collateral, but on his character, and if he knows that the things that make up that character are honesty, industry and integrity, he is going to build up a character of that sort, and when he builds up a character of that kind, he makes himself a better citizen, and an asset to the community. On the other hand, if he falls into the hands of the so-called "loan sharks", which this act was intended to abolish, he becomes a hopeless slave to the money lenders, he naturally sinks into crime of some form, and there seems to be no hope, no chance for him.

Now, on the other hand, the people who engage in this sort of business, of course, must be protected. If they attempt to make a charity out of a business of this kind, then that insults the decent man, and simply makes the man who is no good, worse. Therefore, there must be some regular method pursued in these laws that are made, there must be a sufficient return to insure the principal, a sufficient profit to insure the return of the principal, and a reasonable rate of interest; and when that is accomplished the people who engage in this business can feel they are building up in this community a better and more substantial citizenship than if the matter was left in the hands of these money sharks or these people were driven into the pawn shops as their only refuge.

When this is accomplished, when these people are made better, the whole community profits because, although the war is over, still we have before us, as history has demonstrated in the past, "times that would try men's souls," and straightforward men in a community such as this have to stand as a bulwark against transgressions of the law and hold for the strict observance of it. (Applause.)

ILLINOIS.

The regular quarterly meeting of the Illinois Association was held at the Morrison Hotel, Chicago, January 26th.

At 6:20 P.M., dinner was served, in the Rose Room of the Morrison Hotel, to sixty-six men and two ladies, all of whom are in some capacity actively engaged in the Industrial Loan Business in Illinois, each being a member or an employee of a member of the Illinois Association, there being no visitors present.

The dinner was too good to describe, and we had, in the nature of pepsin tablets to aid digestion, a black-faced comedy dialogue, during coffee, which put everyone in a cheerful mood, lending well to the success of the business meeting which followed, as it was a strict, straight, serious business session.

The by-law procedure was adhered to, after President Woll called the meeting to order, the Roll Call and Reading of Minutes of the previous meeting were dispensed with, as established by precedent.

Treasurer Lynch reported a cash balance of $247.54, with all bills paid.

Membership Committee reported sixty-seven members all in good standing, except four, who were delinquent in payment of dues since January first of this year. Mr. P. L. Blazer of Lincoln, Illinois, who recently obtained a license from the Department of Trade and Commerce, was present, and applied for membership in the Illinois Industrial Lenders Association, the Illinois Chamber of Commerce and the American Industrial Lenders Association.

The Grievance and Special Committees had no report to make.

President Woll then announced that the National Association Convention would probably be held at Louisville, Kentucky, in September of this year. He stated that it was proposed that the National Association pay one-half of the expense of the Convention, which was to be limited to possibly $2000, and, after a brief discussion, it was evident that the Illinois Association could be depended upon to contribute between $250 and

$500 to the payment of the other half of the Convention expense.

By proper motion, President Woll was authorized to appoint a Legislative Committee, which he did, consisting of Messrs. Weinschenk (Chairman), Turgrimson and Ward.

The Secretary was then authorized to issue new membership certificates on the first of each year, bearing on their face large colored figures to designate the year. Such certificates have been ordered, and our members may expect receipt of same in due course.

It was then called to the attention of the meeting that the word "lawful" was misspelled on the Association emblem adopted at our last meeting, and the Secretary was authorized to have new and proper cuts made, which has been done. Any member wishing to use this emblem on his stationery, may secure cut for fifty cents from the Secretary's office.

An invitation, from Roy F. Hartz, Secretary of the Indiana Association, was read, requesting our members to attend the Managers' meeting of the Indiana association, to be held at Fort Wayne, Indiana, on the 15th of February. This invitation was very much appreciated, and President Woll and others may attend.

The State and National dues were mentioned, and all members urged to remit promptly.

Messrs. Harbison, Napier, and Woll spoke on the advantages of our men affialiating with the Illinois Chamber of Commerce. Much enthusiasm was aroused. Messrs. Griswold, Biederman, Blazer, Bratt, Palmer, Bodine, Gray and Dr. Wagner indicated their desire to become members of the Illinois Chamber of Commerce. This will give us an enrollment of about thirty-five men.

Mr. Napier, in a brief talk, made reference to a recent investigation of a Chicago member by the Department of Trade and Commerce, which resulted in the revocation of his license. Mr. Napier, in his usual eloquent and impressive manner, and with his sincere paternal interest, gave us considerable good advice, and many suggestions.

Although it was not a State Association matter, Mr. Rose, who was recently appointed Chairman of a Clearing House Committee, reported briefly on the activities of his Committee. A meeting of the Chicago members, to discuss the matter, was called for the afternoon of February 2, 1923.

Following this, the evening's really big and important event transpired. President Woll went down in the history of our Association as a forceful, inspiring, extemporaneous speaker. As he warmed up, he jestured and modulated in such a regular spellbinder fashion, that we were all ears with interest. His subject was apparently, "What is the matter with us loan men?" for he picked us to pieces, showed up the weak spots, and made well-founded criticism. His eloquence, however, was only surpassed by his diplomacy, for he was so kindly in his attitude, that he created a unanimous disposition toward strictly ethical business practices. President Woll thinks that one of our outstanding faults is a lack of understanding of what we owe, as individuals, to our fellow members, to our State and National Association, and to the Loan Business at large. Inasmuch as our business is in the nature of a semi-public institution, having been recognized by the Law, and takes us into the very homes of our customers, both the borrower and the business deserve a very broad and deep consideration by those in the business of making small loans.

He spoke at length upon the necessity of strict observance of not only the Law, but also the rulings and suggestions of the Department of Trade and Commerce.

For those who did not attend this meeting, it is unfortunate that Mr. Woll had no manuscript, or that no stenographic report was made, for it was one of the most "worth while" talks we, as an Association, have ever heard, evidenced by the applause he received, and the handshakes offered after adjournment, which followed his talk.

INDIANA

A meeting for the managers of the members of the Indiana Association was held at Anthony Hotel, Fort Wayne, February 15th. R. C. Hardisty, R. E. Cadorette, C. H. Wilcoxen composed the committee in charge. We hope to publish an account of this meeting in our next issue. No papers were read. The whole meeting was open for the discussion of practical subjects. A bill purporting to amend the interest rate permitted by the Indiana small loan law from three and one half per cent per month to two per cent per month introduced in the Indiana Senate, Tuesday, January 23d, was promptly killed Thursday, January 26th, after a public hearing had been held. At the hearing Judge Collins and Father Tavish were the principal speakers. Both maintained that there was no money to be made at a rate higher than that proposed by the bill and that the existing rate only permitted the lenders a fair return on their investment.

C. H. Stratton appeared in behalf of the members of the Indiana Association and explained the impracticability of the bill.

A credit union bill has appeared in the Indiana legislature but we have no knowledge of its advancement since its introduction.

LEGISLATORS.

Stop! Look! Listen!

STATE OF GEORGIA.

Department of Public Welfare
State House, Atlanta, August 31, 1922.

Hon. Cecil Neil, Speaker of the House of Representatives, General Assembly of Georgia, Columbus, Georgia.

DEAR MR. NEILL:

My attention has been called to an effort during the last session of the legislature to pass an act reducing the monthly rate of interest permitted under the Small Loan Law as passed by the Georgia legislature in 1920.

I have looked into this matter carefully and have consulted with the Russell Sage Foundation, which has made extensive investigations in the operation of the Small Loan business, because of its interest in preventing extortionate charges to small borrowers. I am advised by John M. Glenn, Director of the Russell Sage Foundation that the Georgia law is practically the one which was prepared by his organization. He further states that on the basis of his investigation the rate charged under this law is not unreasonable in view of the heavy expense and risk involved in making small loans. He states further that any reduction in the rate will put the legitimate licensed small loan agencies out of business thus turning the small borrowers back into the hands of the illegimate loan sharks.

I am therefore wiriting to heartily endorse the Small Loan Law as it now stands and to urge your assistance in stopping any future effort toward making its provisions effective.

I do this in behalf of the unfortunate classes in whose interest the State Department of Public Wellfare was established.

Very sincerely yours,
Burr Blackburn,
Secretary.

NEWS ADS PAY.

COLUMBUS, Ohio, February 2, 1923.

Industrial Lenders News, 204 Chestnut Street, Harrisburg, Pa.

GENTLEMEN:

Herewith you will find my check on The First National Bank of Columbus, Ohio, in full payment for advertisement appearing in your January issue of INDUSTRIAL LENDERS NEWS and I am pleased to report that I have already received evidence that your readers have confidence in your advertisement and that your paper reaches the places I desired to learn of when I sent you my copy for I am getting replies. The proof of the value of advertising is the replies you receive, and yours were satisfactory.

Respectfully yours,
ROBERT J. BEATTY.

SMOKERS TAKE NOTICE

LOUISVILLE, Ky., January 29, 1923.

MY DEAR MR. KEHR:

I have a sample of Red Burley smoking tobacco that was grown in the hills of old Kentucky, where the dewdrops of the early morn are as fragrant and sweet as the new-mown hay, and the nearest I have to the well remembered "Old Kentucky Dew" or "Bourbon," which is gone forever.

Thinking either you or some of our conventional friends would enjoy smoking some of the product from the hills of old Kentucky, I would be delighted to send this sample to you with my compliments.

Should you know of anyone who has a grievance against his mother-in-law, tell him to load his pipe and go to her. I feel quite sure that the judge will do the rest.

If you can use this, please advise me.

Yours very truly,
C. E. REED.

LOAN SHARKS UNDER FIRE.

London, Jan. 6.—A government investigation of loan sharks is under way following discovery that borrowers have to pay 250 to 600 per cent.—*From Legal Reform Bureau.*

LOUISVILLE WINS NINTH NATIONAL CONVENTION.

After considering suggestions and invitations from members for the past several months, the National Executive Committee has unanimously voted to hold the next national convention in Louisville, Ky., September 19th, 20th, 21st, and 22d.

The guiding influences with the Executive Committee were that the next convention should be held some where in the middle west at a convenient place easily reached by the majority of our members and where accommodations were satisfactory and yet not so attractive that the business of the convention might be neglected.

The plans for the next convention will be less elaborate from the amusement and entertainment standpoint than the last three but they will lack nothing in educational features both for members and guests.

Mr. C. E. Reed, 203 Coleman Bldg., Louisville, Ky., the National Vice-Chairman from unorganized territory will be chairman of the local Committee in charge of arrangements.

The Seelbach Hotel will be our headquarters and a large meeting hall will be provided by the Louisville Convention and Publicity League. Kentucky being one of the so-called outlaw states, an open meeting for the discussion of the merits of the Uniform Small Loan Law, adopted by the states having a majority of the population will be arranged. Legislators, Public Welfare and Labor Organizations will be invited to attend.

Material for this month's NEWS being limited and reading these winter nights agreeable pastime we are publishing a detailed account of our next convention city:

Louisville Centrally Located.

It is the most nearly central of any large city in the United States, only fifty miles from the center of population as revealed by the 1920 Federal census. Geographically, it is just far enough South to be in easy reach of every section of the country, and far enough North to be within a few hours' ride from the Canadian border. From East and West it is the very middle of the Union.

Nine Trunkline Railroads.

It is served by nine trunkline railroads, with schedules that permit of close connections in any direction, if desired, or of twelve-hour daylight or overnight stopovers. Its two railway stations are both in close proximity to the retail district of the city, and accessible readily by street cars to all the various industrial districts. Through Pullman service is available on all lines to every point East, West, North and South, with a consolidated downtown ticket office in the heart of the city. Freight terminals are located equally advantageously, while a belt line railroad serves all industries in a splendid manner.

Fine Hotel Facilities.

It possesses the very best of hotel facilities. All the principal hotels are situated in the center of the business and shopping district, and each is provided with a fine auditorium suitable for large conventions and smaller halls for those of less magnitude. One difference between Louisville's hotels and those of many other large cities is that the management of each is thoroughly imbued with the friendly spirit of this city and uncommon pains are taken to insure the happiness and comfort of each individual guest. This is just a part of Louisville's program to sustain the city's reputation for hospitality, and it has paid large dividends in a country-wide feeling of friendliness for our city.

Adequate Convention Halls.

It possesses what undoubtedly is the greatest convention and exhibit hall in America. The Jefferson County Armory, two blocks from Fourth and Walnut Streets—on Walnut—the busiest intersection in Louisville, has the largest unobstructed floor space in the United States, not excepting even Madison Square Garden or the Chicago Coliseum. The main floor contains 53,000 square feet, beside which are commodious balconies and smaller assembly rooms. In addition to the Armory for convention purposes, there is a large municipal auditorium with a seating capacity of 7,000, the various hotel auditoriums, theaters, churches and other halls available for such use.

River a Scenic Charm.

It possesses points of interest to the visitor in the widest variety, and has attractions of national fame either within its limits or near by. The Ohio River which, as it approaches, passes and leaves Louisville, presents its most charming stretches, is one of the big attractions to those who love to view the wonders of nature. A medium of a rapidly growing freight and passenger traffic, the Ohio above and below Louisville also is a delight to the eye, and the palatial excursion steamers that make Louisville their home port during the summer season provide one of the most enjoyable means of entertainment for the visitor.

Beautiful Park System.

It possesses public parks unrivalled in natural beauty by any in America. Louisville is blessed with a park system in which the hand of man played small part. The three larger parks, Cherokee, Iroquois and Shawnee, each is of a distinct type of unfailing beauty with a full measure of utility. In these parks are fifty-seven tennis courts, twenty-two baseball diamonds, two large outdoor swimming pools, one free golf course, and innumerable picnicking spots with commodious shelter houses, while the other twenty smaller parks and playgrounds are the mecca for the children of the city, for a wide variety of playground apparatus and trained instructors are provided. Besides the parks proper there are thirty-five miles of parkways and park roads which offer wonderful motor tours past the most beautiful private estates and less pretentious homes to be found in any city. Convention visitors invariably are entranced by the beauties of Louisville's parks and boulevards.

Points of Historic Interest.

It possesses historical associations that are of never-failing interest to the visitor. Here can be pointed out the supply base of Gen. George Rogers Clark, who founded Louisville, and who won the Great Northwest, and whose body lies in beautiful Cave Hill Cemetery; near here also is the tomb of Gen. Zachary Taylor, fourteenth President of the United States; on the southern outskirts of the city is the site of Camp Zachary Taylor, where more than 75,000 of the youth of the country received the training that fitted them to turn the onward march of the Germans into a rout, while within an hour's motor trip of Louisville is the 40,000-acre Camp Henry Knox, one of the Government's principal permanent artillery training centers.

Three hours distant by motor is the log cabin birthplace of Abraham Lincoln, and a little farther on is Fairview, Ky., where Jefferson Davis, the leader of the Confederacy, was born. Only a few miles out of Louisville is the house where Prince Louis Phillippe lived as an exile from France before he became King of France. Two hour's motor ride from Louisville is the world-famed Trappist monastery of Gethsemane, while very recently has been found the burial place, near Louisville, of the father of Abraham Lincoln.

Mammoth Cave Near By.

But perhaps the most famous point of interst near Louisville is Mammoth Cave, accessible by railroad or motor, while in Indiana, a few miles northwest of Louisville is Wyandotte Cave. Both of these caverns for years have been the objective of thousands of tourists, and as arrangements now are possible for special train service to Mammoth Cave by convention parties from Louisville, this great natural wonder in many instances has been one of the greatest factors in drawing conventions to this city.

Louisville's Climate Favorable.

Louisville possesses climatic conditions which are most favorable. It has neither rigorous winters nor enervating summers, enjoying a mean average annual temperature of about 57 degrees. A 49-year report by the United States Weather Bureau shows an average of 33 days with a temperature of 90 degrees or higher and 74 days with temperatures 32 degrees or under, while the average annual rainfall is 43.81 inches.

Adequate Street Car Facilities.

Louisville is served over 178 miles of city street car tracks, and also by eight electric interburban lines, operating 230 miles of trackage. The interburban lines provide a particularly advantageous suburban service, which accounts in considerable measure for the immense number of beautiful country homes near the city, and which invariably is the source of much comment from visitors. Louisville's street car system is one of the best in the country, as not only does it operate well-appointed lines on all the principal streets toward the downtown district, but it has crosstown lines which make unduly lengthy trips unnecessary. Louisville also has one of the most modern, complete and efficient taxicab systems to be found anywhere, with rates so low as to excite comment from most visitors.

City Brightly Lighted.

Louisville is one of the best lighted cities in the country. It is adopting the ornamental lighting standard system for its principal downtown streets, and this will be extended from time to time to the residential sections. Louisville is served with natural gas, and its water supply, obtained from the Ohio River and purified at one of the largest and most modern filtration plants in the country, is one of the city's strongest boasting points. When the visitor to Louisville opens the tap in his room he can be assured he is getting water as pure and potable as can be obtained.

Plenty of Amusements.

In points of amusements, other than those heretofore described, Louisville is well provided. There are some forty theatres, including picture shows, with two devoted to the legitimate drama, several to vaudeville, and in the ranks of the movies is one which was only recently completed at a cost of $1,000,000, which is said to be the finest in its appointments of any save one in the country—and that one in New York.

Famous Racing Center.

Besides its theatres, Louisville is perhaps famed as much as the home of the internationally-known Churchill Downs race track as for any other reason. Here is run annually, early in May, the historic Kentucky Derby, the oldest turf classic in America, in which the flower of the world's three-year-olds compete. It attracts around 60,000 race lovers each year. Racing starts here each spring early in May (Derby Day), and continues about twenty days. Fall racing dates are usually in the month of October.

Louisville also is the seat of the Kentucky State Fair, which has a wonderfully beautiful location, and which is adequately equipped with exhibition buildings, race track, etc. The mammoth manufacturers' building is available for conventions.

Noted for Its Churches.

Louisville is distinctly a city of churches, and a religious census a few years ago revealed that Louisville has a larger percentage of church members per 1,000 population than any other large American city. There are two large theological seminaries and 271 churches, with property worth in excess of $8,000,000. Its public library system consists of one main library and eleven branch libraries scattered to the best advantage over the residential sections. It has a large central Y. M. C. A., with railroad and negro branches; a Y. W. C. A., Y. M. H. A., Knights of Columbus, and other kindred organizations, well housed. The Pendennis Club is a Louisville landmark, which is famed the country over and which numbers among its membership, besides the most prominent men in this city, many of the eminent personages of the country. Louisville has three country clubs, each with magnificent establishments and beautiful golf courses, while a fourth is in process of organization.

Plenty Here to Eat.

Louisville also is distinctly a well-fed city. It is in the heart of a wonderful truck garden section, in which is grown the very best of all that is good to eat, both in the way of vegetables and fruits, and consequently it is not dependent upon any other market for supplies of this kind. Louisville also is blessed with a large number of excellent restaurants, from the most ornate to the "one-arm" variety, where one may be served to suit every taste.

Wonderful Shopping District.

Another feature that is always remarked by every visitor is Louisville's retail shopping district. Louisville has the general reputation of having the most interesting, as well as the best decorated show windows in America. These beautiful windows only reflect the excellence of the stores back of them, and it is a matter of common knowledge that Louisville's stores offer greater shopping attractions, especially for women, than those of almost any other city. In fact, so widespread is the reputation of Louisville's stores that New York itself is often referred to as "The Louisville of the North."

Ideal Convention City.

All in all, Louisville is an ideal convention city, and she is glad to have the stranger within her gates. She offers as an inducement all and more than any other city can promise in material advantages, but most of all she offers a genuine, sincere welcome, and has made a standing pledge to live true to that traditional reputation for real hospitality, which, after all, is only that very human touch needed to make us all real friends—not merely casual guests or acquaintances.

We are glad to have had this opportunity to speak directly to you, you prospective sojourner in our midst, and we hope that after you come here you will carry away with you the feeling that Louisville tried sincerely to be good to you, to provide for your comfort and happiness while here, to earn your good will and to send you away with nothing but pleasant recollections of your visit, so that not only will you want to come again, but also that you will recommend our city to your friends wherever you may roam.

Louisville was established by an act of the Virginia Legislature in May, 1790. It was named in honor of Louis XVI, of France, and is, therefore, properly pronounced.

LOO-Y-VILL.

Population (1920), 234,891. Estimated, 1922, 294,166. Area (new annexation), 40.4 square miles. Elevation above sea, 459 feet.

MONEY LENDING—A BUSINESS NECESSITY.

> Harrisburg is fortunate in having much ready money—and people ever willing to lend it upon the right kind of security.
>
> A directory of Harrisburg concerns who specialize along this line will be found among The Patriot-News' Want Ad columns under the caption "Money to Loan."
>
> If, however, you prefer to have people come to you, you can write a "Money Wanted" ad of your own telling what you have as security and when it is ready leave with

THE PATRIOT-NEWS HARRISBURG'S WANT AD DIRECTORY READ FOR PROFIT—USE FOR RESULTS.

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The above appeared on the first page of one of Harrisburg's leading newspapers recently and is published only because it shows the present day attitude of the press and public toward legitimate money lending. Several years ago this paper led a vigorous attack against the "loan sharks" that caused the district attorney to open his office in defense of the victims. The whole matter eventually culminated in sane legislation being enacted fair to borrower and lender.

GEORGIA.

The Georgia Industrial Lenders Association held a banquet in the Pine Room at Hotel Ansley, Thursday evening, January, 11th, which was attended by all the members of the Association,, as well as all employees, including the ladies.

The meeting was addressed by Richard B. Russell, Chief Justice of the Supreme Court of Georgia, who stressed the point that the Industrial Loan Business had become to be recognized as an actual necessity and as one of the leading financial factors of any industrial community and was glad that a scientific rate had been legalized that was fair to both the borrower and lender.

The meeting was also addressed by Robert B. Blackburn and Tillie Von Nunes, two prominent Atlanta Attorneys, who have been interested for a number of years in the general uplift of the Industrial Loan Business and declared that such a business was just as necessary to any community as the Commercial Banks.

A number of interesting talks pertaining to the Industrial field was made by members of the association.

A. B. Madison, Chairman and Toast Master of the occasion, made an interesting talk at the close of the meeting extending to the guests of the evening the appreciation in behalf of the association of their presence.

B. L. Lassiter, *Secretary.*

CALIFORNIA.

Los Angeles, January 25, 1923.

My Dear Mr. Kehr:

The Year Book of the American Industrial Lenders Association came to hand a short time ago. I glanced through it hurriedly when it arrived, but have deferred acknowledging receipt of same until this time, as I felt that the volume was worthy of careful perusal and thought.

I believe it is the best Year Book that has ever been published. The articles are certainly constructive for those engaged in the business, as well as those who may have the privilege of reading the same, who are not directly interested. The business is rapidly taking its proper place in banking and financial circles, and the public is coming to a more full realization of the needs of the working man, and the necessity of providing him with proper credit accommodations when he needs them.

The conditions in California are deplorable, and I can see that they are gradually growing worse since the enactment by the people of our so-called Usury Law. I have not noted any effort to enforce the same on the part of our officials, although we do have, in both Los Angeles and San Francisco, the old free lance offices who charge in excess of the legal rate and take the chances. The only way that our present law can be changed will be by placing the matter on the ballot and submitting it to a vote of the people at a general election. I doubt if this will ever come to pass, therefore it is doubtful if California will ever have a law resembling in any respect the uniform law now existing in so many of the Eastern states.

I have recently received a number of accounts from various Eastern offices where the parties have skipped to Los Angeles, and in many cases they have frankly stated that it was upon your recommendation they were sending them. I wish to thank you for the good word you are passing out, and also state that there is a very fair percentage of these cases where I have secured settlements.

Again thanking you for the Year Book, and with best personal regards and wishes for a prosperous 1923, I remain

Very truly yours,

W. Hall Crowell.

HOW MANY OTHERS?

Dayton, Ohio. January 26, 1923.

Dear Sir:

I see where you are asking the different members whether or not they are affiliated with any business men's clubs in their respective cities.

I am proud to state that I have for three years been a member of our Local Lions Club, having served the Club in the capacity as secretary, for one year, after which I was elected to the board of directors, for a term of three years, which I still hold, and am at present chairman of two committees, also a charter member of this organization. It has been a wonderful help to me in doing some publicity work in enlightening some of our foremost business men in regards to our business of which they now have an entirely different understanding. My suggestion is for each member of our own organization to become members of some of the business mens' clubs in their city, and become active members, get on committees, serve as officers, and do their duty to their club and community. I am sure excellent results can be obtained by social intercourse with the best business men that each individual city has.

Here's hoping Mr. Kehr, that your next list you publish will be a long one showing each member's club affiliation.

Yours truly,

B. F. Wunsch.

LIONS TO SUPPORT "LOAN SHARKS" LAW.

Local Civic Organization Will Give Active Support to Bill Proposed In Present Legislature.

Will Put Present Act Out of Business Here.

On the attitude of the West Virginia legislature toward the proposition that 3½ per cent interest per month legitimately charged is better than 10 to 85 per cent charged by "loan sharks" in the city will depend the passage of the small loan act that will have the backing of the Lions Club of Charleston.

The West Virginia loan shark is to be put out of business, provided the legislature this year enacts the small loan law proposed by the club. The law will, in effect, put an adequate license fee on the conducting of the small loan banking business and, at the same time, will give persons engaged in this business the privilege of charging a much higher rate of interest than the 6 per cent now allowed by statute.

A few years ago it would have been impossible to prepare a comprehensive statement of the facts connected with small loan business. Nothing was generally known about it except that it was controlled by men who were said to operate without the law, who charged barbarous rates of interest and who earned themselves the obnoxious title of "loan sharks."

In this state, from time to time, opposition to the methods of the loan shark have sprung up, but uniformly they have gotten nowhere. It is now held by persons who have investigated conditions fully that these efforts failed for the reason they were directed toward the prohibition of small loan borrowing instead of placing safeguards around the borrower.

The thing that startles the advocates of a remedy for the existing conditions is that investigation disclosed the fact that small time loans cannot profitably be made for a rate less than what appears on its face to be usurious interest.

Several Loan Sharks Here.

There are a number of institutions in Charleston having as their business the making of small loans. The majority of them are said to be conducted along legitimate lines, but there are others that are said to make interest charges beyond all reason.

It is generally supposed that persons borrowing from these companies do so because they are drunkards and bums The reverse is said to be the case, for the simple reason that no one is going to lend an irresponsible person money without adequate security. The extent of the risk in small loans is said to be based almost entirely on the character of the borrower.

One loan company showed that 373 persons borrowed because of sickness, 203 to pay debts, buy furniture and educate children, 201 for miscellaneous expenses, such as moving; 105 in connection with their own small business operations, 95 for some expenses, such as repairs, taxes and insurance; 66 for emergencies caused by unemployment, 56 because of extravagance or dissipation, 43 because of death, and 16 because of bad investments.

Borrowers Have Jobs.

In almost every instance the borrower is employed. The records of one loan company showed that of a number of his customers, 247 were clerks, 245 were government employees, 344 were in business, 177 held minor public positions, 114 were policemen, 198 were firemen, 113 were salesmen, 108 were printers, 81 were factory operators, 64 were bookkeepers and accountants, 44 were stenographers, 40 were foremen, 39 were tailors, 67 were managers, 34 were machinists, 33 were inspectors, 24 were court employees, 24 were artisans, 33 were agents, 18 were teachers, 18 were telegraphers, 15 were doctors and dentists and 3 were conductors.

The small loan is said to run in all sized amounts, from $25 to $300. The amount of interest charged is based, in the loan shark "banks" on what the customer will stand for and what the manager has the cupidity to charge. It is stated that the rate rarely runs below 10 per cent per month and sometimes goes as high as 85 per cent. This means 120 to over 1,000 per cent per year.

It is the custom of the lender to take the interest out of the cash payment. The borrower then goes ahead and pays off the principal of the loan in regular installments. Before the loan is made a full investigation is conducted relative to his standing in the neighborhood and his record with various employers. If the investigation shows that he is honest and a steady worker he gets the money. Sometimes a deed of trust is taken on his household effects, but not always. The risk is usually a moral one.

One Refused to Pay.

It is told of a local borrower that when he woke up and found that he had contracted to pay usurious interest, he paid up an amount equal to the principal and 6 per cent interest, the legal rate, and flatly refused to pay the balance. "All right," said the loan shark, "but you'll wish you had paid in full."

Now it is shown that the persons who patronize the loan sharks are likely to be chronic borrowers. They are often improvident, and so, when adversity comes their way, they have to have cash, no matter what it costs to get it. This happened with the customer who had refused to pay more than 6 per cent. He went back to the loan shark and made application for a loan. He was refused. He agreed to stand for almost any charges, but he was told that his business was not wanted.

Applications to other establishments of the kind in the city were also fruitless. No one would have anything to do with the borrower, and he had to suffer for the lack of money. The word had been passed around to the others to be on the lookout for him, and the fraternity saw that the story was noised about to the small loan borrowers in general so that all might take warning.

Is 3½ Per Cent Too Much?

The point about the proposed West Virginia statute that causes many to look at it askance is the fact that the interest charge that is to be allowed under the law is 3½ per cent per month, or 42 per cent per year, on all loans under $300. To many this appears to be usurious, but small bankers claim that they cannot afford to loan for a less amount.

It is pointed out by advocates of the law that the 3½ per cent per month is just enough, under average conditions, for the bank to realize 6 per cent on its capital after payment of the cost of doing business and making the loan. That the interest charge on $100, the average amount of a loan, would be $10.50, it has been figured that the expense attending the making of the loan will average $9. On the fact that the rate of 3½ per cent is an economic saving over that of 10 to 85 per cent, the advocates of the law base their claims. For, it is claimed, if the law does not pass, the loan shark will continue to ply his trade, and if it does pass, he will have to go out of business.

Charleston Gazette, January 14, 1923.

LOAN SHARK'S PREY.

Oxford, England.—Richard Bacon, town clerk, testified in his bankruptcy proceedings that he paid, $5,400 on loans of $2,600 from loan sharks and still owed $2,723.—*Akron, O., Times, Aug. 3, 1922.*

MARYLAND.

As Secretary of the Maryland Association, I cannot impress it too strongly upon your minds the benefit you will derive from an educational point of view by attending our next meeting to be held on Feburary 13th at 8 p.m. in the Conference Room, 6th floor of the Merchants and Manufacturers Building, 22 Light St., Baltimore, Md.

The Executive Committee have a report to submit relative to new concerns operating in this city under the pretext of buying salaries.

Mr. Roy T. Baseman, investigator and adjuster of the Peoples Loan Society will read a paper on "How I handle an application at the home." Mr. Baseman's subject is one well worth while, and ample time will be given for a general discussion on this subject.

Executive Committee Chairman Mattingly will submit twelve questions treating upon the foremost phases of our business of to-day.

We contemplate at this writing submitting at least one company for membership.

Come yourself, see your outside men are present, prepare to take an active part. Help us make this meeting worth while.

Sincerely yours,
H. C. Moore.

MEMBERSHIP ADVANTAGES

We are pleased to publish this correspondence because it shows the fine coöperation and service members enjoy.—Editor.

Springfield, Illinois. Jan. 17, 1923.

Mr. D. H. Rose,
Chicago Mortgage Loan Co.,
Chicago, Ill.

Dear Sir:

Yours of the 16th received with remittance for which we thank you very kindly. I don't believe we would ever got our money if it had not been for your efforts.

I know that you don't make any charges for this work but I want you to buy yourself a new hat at my expense. I am enclosing a check for $10 and I want you to feel that we appreciate the efforts you have given in our behalf.

Yours truly,
H. M. Griswold.

Chicago, Ill. Jan. 18, 1923.

Dear Mr. Griswold:

We are returning the check for $10 you sent us as collection fee on your Geo. Weigle account.

It is true that this was rather a hard account to collect, however, we do not feel that you are under obligation to reimburse us in any way as we were glad to render any service we could. As you are a member of both the State and National Association we feel you were entitled to our best efforts.

You ask that I buy a new hat with the $10.00 but I feel sure I wouldn't know how to act in a $10.00 hat. However, if we were to get many such flattering letters in appreciation of our services the writer might have need for a larger hat eventually.

We are satisfied to know that our efforts in your behalf were appreciated.

Sincerely yours,
D. H. Rose.

Jackson, Mich. January 22, 1923.

My Dear Mr. Rose:

In my absence the remittance covering the balance of the Johnson (Jacobson) account arrived. At least it only lacks a few cents and we will forget it.

Any amount he has paid you since he should be willing to leave with you for your trouble. However, we wish to assure you that we stand ready to pay you whatever is satisfactory to you for your clerical work in handling this account. The locating of this party and the wonderful service you have given us is something that can not be paid for with money and should we ever be able to assist you in any such way we assure you that every effort at our command will be exerted.

Again thanking you and with kindest personal regards to Mr. Harbison, we are

Yours truly,
Michigan Mortgage Loan Association,
E. I. McCuen.

Chicago, Ill. January 26, 1923.

Dear Mr. McCuen:

It of course pleases us to know that our efforts in the collection of your Jacobson account met with your approval and support.

It is a duty we owe one another as State and National Association members to render such service for each other to the best of our ability, however, when our efforts meet with both approval and appreciation it is not only a duty but a pleasure to render any service possible.

This service of itself to an owner of one or two local offices should be worth a good part of both State and National Association dues.

It is hardly likely that we will have occasion to call on you for a similar service but if it will be possible for you to render such service to some fellow member or if our efforts will help to enlist your continued support of the State and National Association in their work, we will feel amply repaid.

If you have occasion to ask our help again, we will be glad to do our very best for you.

Sincerely,
Chicago Mortgage Loan Co.
D. H. Rose, *Mgr.*

YEAR BOOKS AT A PREMIUM.

To cover the cost of printing and mailing a charge of a dollar has been made for our Year Book which has been published annually since 1917.

The demand for the 1922 book has been strong and the supply is daily diminishing. Any readers who want a copy will have to write the national secretary promptly. We now have on order a copy of our 1919 Year Book for which the customer will pay two dollars. Here's a chance to make a hundred per cent without "license bond or supervision." The book must be intact and in a good state of preservation. Write the National Secretary if you have a copy of the 1919 Year Book that you will part with. Thanks.

Checks for dues have been coming in nicely during the past month and to date about two-thirds of the members of the National body have remitted. It is hoped the remaining members will respond promptly as your officers have other things to do beside writing collection letters.

LEGISLATION

During the past month there has been considerable activity in the State Legislatures, about two-thirds of which are holding sessions this year. Legislation touching upon the small loan business has come in for its share of attention. According to reports, Russell Sage Foundation uniform small loan bill has been introduced in the states of Rhode Island, New York, North Carolina, South Carolina, Tennessee, West Virginia, Minnesota, Missouri, Montana and Washington. Wherever the bill is pending we are advised that it is receiving the hearty support of public welfare and labor organizations, together with many prominent citizens who desire to improve small loan conditions in the states which lack adequate legislation on this subject. The opposition, as years of experience has taught us, comes principally from the uninformed and the high rate lenders, who prefer to take chances upon illegitimate profits in preference to fair legitimate profits, and the respect and protection for their business which they never can enjoy until their business is properly regulated and supervised.

The most progress seems to have been made by Minnesota whose House of Representatives passed the bill January 24th. Although the margin was only one vote, we are told that many members who favored the bill were absent when the roll call was taken.

Apparently for the sake of notoriety, many legislators have introduced bills in the states where satisfactory small loan legislation exists, which are reduced rate measures. In New Hampshire a bill purporting to reduce the rate from 3% and fees per month to 1% a month has been offered but we are informed there is little chance of its ever getting out of committee because in the public hearing which was recently held it was shown that if enacted into law, this measure would drive all the legitimate small loan agencies out of the state and the people who are served would either be denied the service or be compelled to pay exorbitant rates to loan sharks who would take chances of evading the law.

A bill purporting to reduce the rate from 3% to 2% a month was introduced in the Massachusetts Legislature. According to our latest advice, the sponsor of the bill will not press its passage.

To be fashionable, Representative Loprete has introduced a cut rate measure in the New Jersey Assembly, purporting to reduce the rate from three to one and one-half per cent per month.

Ohio has a similar measure but we understand the bill has not progressed since its introduction.

As stated elsewhere, a bill purporting to reduce the Indiana rate from 3½% a month to 2% per month was promptly killed two days after it was introduced, at a public hearing at which appeared some prominent Indianapolis citizens.

Reports from Iowa are conflicting, some of which indicate that a reduced rate bill has been introduced in that state, and another bill repealing the uniform small loan law of Iowa. If these reports are true, we have every reason to believe that when a public hearing is held on these measures, that the Iowa legislators who are responsible for these measures will change their minds if they desire to be fair to the masses in their state who find industrial loan service under proper conditions which now exist, necessary.

Pennsylvania has a bill before it, sponsored by the imitation Morris Plan companies, many of which have been promoted in this state, supplementing the small loan law, which if it becomes a law will permit licensees so inclined, to make a flat interest charge and divide the interest into equal weekly or monthly instalments so long as it does not exceed the maximum interest rate of 3½% per month permitted under existing statute.

The 1½% measure introduced in the Conneticut Legislature, according to last reports, still rested peacefully in committee.

Apparently there is a national movement on foot to add the cerdit union and coöperative bank facilities to existing financial agencies, as bills of this character have been introduced in many states during the past month. No progress is noted in any of these measures, and we hear that the banks and building and loan associations are opposing these measures on the ground that they are not needed.

CONNECTICUT.

The annual meeting of the Connecticut Association was held at the Hotel Garde, New Haven, Wednesday, January 17th.

Those in attendance were as follows: H. P. Stephenson, A. S. Edwards, Alan K. Dolliver, E. P. East, George Hodson, F. W. Hawkinson, T. C. O'Brien, E. R. Bitting, A. Berman, W. O. Kendall, H. G. McMullin, L. Scarpa, W. A. Burchard, Edmund J. O'Brien, Ralph Bitting.

After luncheon the meeting was called to order at 2:30 by Chairman T. C. O'Brien.

Brief and timely remarks were made by Edgar P. East, George Hodson and Aaron Berman.

The following report of the Secretary was approved as read.

MEMBERSHIP. JANUARY, 1922.

Beneficial Loan Society	4
H. P. Stephenson	1
Equitable Industrial Loan Society, Inc.	4
R. M. Rutherford	1
E. P. East	1
	11

NEW MEMBERS.

Beneficial Loan Society, Meriden	1
“ “ “ New Britain	1
“ “ “ Stamford	1
“ “ “ New London	1
Mutual Loan Society, Hartford	1
A. K. Dolliver	1
Total new membership	6
Old membership	11
Total members	17
Resigned—H. P. Stephenson	1
Present membership	16

During the year the Association held five meetings as follows: January 11th Hartford, February 8th Waterbury, April 12th Bridgeport, June 21st New Haven, October 18th Hartford.

The report of the Treasurer showed a balance of $387.50 on hand with all bills paid.

The Committee on Membership reported the application of the Beneficial Loan Society, New London, Conn. which was approved by the Executive Committee.

The resignation of Mr. Bumsted of the Publicity Committee was accepted.

The election of officers, being in order, it was moved and seconded that Section 2 of the by-laws be suspended, and a nominating committee of three be appointed, they, to report in fifteen minutes. Those appointed to the Committee were: F. W. Hawkinson, E. P. East, A. Berman. Those nominated were as follows:

Chairman—A. K. Dolliver, New Haven.
Vice-Chairman—A. S. Edwards Waterbury.
Treasurer—A. Berman, Hartford.
Secretary—H. G. McMullin, Hartford.

EXECUTIVE COMMITTEE.

R. M. Rutherford, E. P. East, George Hodson.
Legislative Committee—George Hodson, E. P. East.

On motion duly seconded, the Secretary cast one ballot in favor of the officers nominated.

The newly elected Chairman, Mr. Dolliver, took the chair, and made the following appointments:

Auditing—H. G. McMullin, Membership—T. C. O'Brien, Publicity—L. Devine.

A rising vote of thanks was given the retiring officers.

It was moved and seconded that all checks be signed by the Treasurer, and countersigned by the Secretary.

That the Treasurer open an account with the Phoenix National Bank in Hartford, and that a copy of these resolutions be placed with the bank.

The Association went on record as follows:

1. Favoring Louisville, Ky. as the place for the next National Convention.

2. Recommending that the time of the Convention be the latter part of September.

3. That half of the Convention expenses be paid by the National Association, and the other half pro-rata among the members. The total cost not to exceed $3000.

The Secretary was instructed to send a copy of this to the National Secretary, and each member of the Executive Committee.

The following papers were read and proved very interesting:

"How to Handle Collections."—E. R. Bitting.

"Handling the Skip."—Louis Scarpa.

"How to Educate Clients to Pay Promptly."—L. Devine.

"How Can We Improve Ourselves to Give More Efficient Service."—W. O. Kendall.

A vote of thanks was extended to Mr. Devine for his able article.

Some of the papers read at this meeting will be published in future issues of the NEWS.

H. G. MCMULLIN, *Secretary.*

LICENSE REVOKED

The Maryland Bank Commissioner has revoked the license of Harry Bennett who operates under the name of the Aisquith Credit Co., and refused to grant a new license to a man to whom he sold the business.

Bennett's plan was to split up loans into five dollar amounts. In other words instead of making a twenty dollar loan he would make four loans of $5.00 each and charge a notary fee of 75 cents on each loan.

When the purchaser of his business applied for a license he was told by the banking department to join the Maryland Industrial Lenders Ass'n, and get an O. K. on his business methods and then apply for his license.

This is a step along the right lines and the banking department is to be congratulated upon the action taken.

JERSEY BANK HEAD DIES IN WESTFIELD.

William E. Tuttle, Jr., Was Former Representative in Congress.

ALSO WAS CANDIDATE FOR GOVERNOR UNTIL ILLNESS FORCED HIM FROM RACE.

TRENTON, N. J. February 11. 1923.

Commissioner of Banking and Insurance William E. Tuttle, Jr., of Westfield, died to-day at his home there from malignant endo carditis, from which he suffered since last September. He was taken ill while a candidate for the Democratic nomination for Governor last fall.

The deceased was one of the foremost public men in the State, being a man of ability and administrative capacity. His candidacy against Governor Silzer caused a division in the party organization and after being stricken ill, withdrew from the race. He later took up the reins for Governor Silzer.

Specialists were called in his case and it became necessary for a transfusion of blood. This proved of little assistance.

Commissioner Tuttle was 53 years old. He was born at Horsehead, N. Y., in 1870, and was educated at the Elmira Free Academy and Cornell University. In 1897 he started a lumber business with his brother, Arthur D., at Westfield.

PROMINENT IN CONGRESS.

He was active in Union county politics and was chairman of the Union County Democratic Committee. He was elected to Congress in 1910, re-elected in 1912 and was defeated in 1914 and 1916. While in Congress he had a law passed fixing the compensation to railroads for the carrying of mail. He was regarded as being one of the soundest business men in Congress.

Commissioner Tuttle was a delegate to the Democratic National Convention in 1908 and 1916. He was appointed by President Wilson in 1915 as the sole commissioner of the United States to the National Exposition of Panama. For his services in Panama he was warmly praised by the President of the Panama Republic and Secretary of State Robert Lansing. The relations between the United States and Panama were strained at the time and he performed a delicate task with honor.

Governor Edge named Commissioner Tuttle to the Board of Conservation and Development in 1918, and on January 17, 1921, he was named Commissioner of Banking and Insurance by Governor Edwards.

Commissioner Tuttle, who was unmarried, is survived by a brother, Arthur D., of Westfield, and a sister, Mrs. T. H. Judson, of Elmira, N. J. Funeral services will take place from the home tomorrow evening and interment will be at Horeheads, N. Y., Wednesday morning.

Just about a year ago Commissioner Tuttle delivered an address to our New Jersey members which was published in this paper. The small loan business has lost a good friend and able official.

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Managers and Assistants of the Chattel Loan Business

By W. G. CHANDLER

Business men are realizing that no one man can know it all; that every man can make a profitable exchange by giving his knowledge and experience for that of others. For while he gives the knowledge of one man, and without taking anything away from himself, he receives in return the ideas and information of many. The business principle, "that exchange is the best which gives both parties the largest possible profit" has been found as successful in the exchange of knowledge as of commodities.

The handling of the chattel loan business has undergone a radical change in the past few years. The work is now being done under modern methods, with greater intelligence and a better knowledge of conditions. The dispensing of credit to the borrower is being reduced, if not to a science, at least to a study on scientific lines. The loss from bad debts, has, I believe, been considerably reduced. This statement to an outsider might be reason for his believing that we have curtailed the business, and we have as far as the big deals are concerned, but extending credit to the small and more desirable borrower is on the increase.

The average loan concern conducts its business through people who do the work incidently and without giving it much attention and study. This, from the standpoint of immediate profit in dollars and cents may be all right, but it is having a bad effect on the business as a whole, for the public at large do not approve of such methods adopted and we all suffer for the sins of those who conduct themselves in this way.

It is apparent that this condition of affairs must not be allowed to continue. The new order of things is to improve, to raise the standard of the business, and it is the intention that this Association is to be an important factor in bringing this change about, and that you, as a member, shall do your share. To-day we must turn our capital oftener than was the case several years ago, when the extension plan of loaning money was popular, and this condition of affairs calls for a change of method and a better understanding of conditions governing the business. Getting back to my statement that the present day loan man's work is done on a more scientific basis, I do not mean to leave you under the impression that the matter of making loans has been reduced to a strict science, or that individual cases are governed by infallible rules. This is impossible, but we can, and to a certain extent do, keep an average. A large part of this improvement in the past few years is due to the improved facilities for carrying on the work.

The position of manager is one of responsibility, and a certain dignity is becoming in every one who holds such a position. The worth of a manager is demonstrated in the judgment he uses in accepting business.

The loan man is the best who will approve the largest percentage of his applications and still keep his percentage of loss down to a fair average. One man might turn down half of the applications he gets, while another would accept 90 per cent of them, and both show the same percentage of loss. It is easy to see that the man who made 90 per cent of his loans would be the better manager of the two.

Aside from being a man who had at least a fair education, a good manager must first be a good collector. This ability gives him the confidence to make a loan that a weak collector will turn down. His judgment must be good. He must be quick to read human nature and to read character, and above all, he should possess strong intuitive faculties. An ounce of intuition is worth a pound of logic when we reckon with human nature and its manifold ramifications for our impressions of men and things seldom proceed from logical deductions.

Speaking of the manager who makes 90 loans out of his 100 applications brings up another question, and that is,—why is it that most of the losses are on accounts that we have "had before." Are we as careful in making renewal loans as we are in making new loans? Apparently not. Present facilities make it hardly excusable for a man to make a new loan that never pays.

Very few new loans find their way directly to the profit and loss account. This is avoided by our care in getting first reports, as against our care in getting reports later on when the customer renews, for conditions change for the worse as well as for the better, and a customer that is not desirable to-day may make a good loan in six months or a year and vice versa. An office boy can tell a real good man, or a real bad one, but these two represent only about two per cent of the 100 which present themselves for our consideration. The other 98 are neither the discreditable or the unquestionably good. This 98 per cent is divided into three distinct classes. Those who are honest and intend to pay, those who are honest and of good intentions, but who overestimate their ability to pay and eventually will fail to pay, those who never intend to pay and are simply trying to obtain money under false colors. The latter class is fortunately small. The great majority of borrowers are of good intentions, and a loan man can make no bigger mistake then to go on the assumption that all people are dishonest dead beats, and that his business is to keep his office from being cheated. This suspicion and pessimistic attitude will hurt his work and the business of the office.

There is no man so proud and sensitive as the "poor but honest" and it is largely with this class of people that we have to deal. Every man must make a living for himself and family, and he realizes that honesty for him is the best policy. All men, with rare exceptions, follow the line of least resistance, therefore, to be honest is the best politic thing a man can do, for it reduces the struggle for support and success to a minimum. But the question arises, how are we to tell the good from the bad? The application has been taken at the window, the outside man has made his investigation, and his report to the manager. With this report and the customer before him the manager must decide almost on the spot, from the information on hand and the impression he gets from his customer, and from the information he gets from his customer, and from the information he can get by direct questioning, whether to make the loan or not. There was a time when it was the habit to ask anything you wanted to, and to dictate terms as suited you best, and when we did not have to consider the sensibilities of the borrowers but those days are gone forever. The desire now is to do things differently, and if no other reason compels it, competition does. Getting back to the direct line of thought, the manager must, of course, secure certain information relative to a customer's stability and circumstances, preliminary to the actual paying over of the money. The greater part of this information can be had by

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N. J.—P. L. Alberse, Romaine Bldg., Paterson.
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R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

indirect questioning, leading up to unconscious admissions, side remarks and implications. The usual information desired is, the reason the customer is borrowing, the source of his income, from which the payments are to be made, where the main stay of the house works, and the general circumstances of the customer. If we start on our search for this information from an attitude of suspicion, we are bound to antagonize the customer. We must rather appear sympathetic, obliging, etc., as if all were a mere formality and unnecessary for the extension of credit in this particular case. Be pleasant, have the appearance and express a tone of friendliness and an apparent desire to be helpful and accommodating. In short be liberal. A liberal policy is very necessary for the growth and popularity of our business. To be popular is next to being successful. I believe the most successful offices are the most popular and the most popular the most successful. Do not misunderstand me to say that a liberal policy is to be an easy going policy. This would work harm and maybe ultimate ruin to the business. The salvation of a liberal policy is a stringent collection system. With due discrimination, be liberal in making your loan, but have it understood from the first that you expect prompt payment. This gives you a good name for liberality, and among those where it will do you little good the close collection of accounts will do you no harm. We all have our bad accounts. No office is complete without them, and it is with them we work out our salvation. If properly handled when the first payment is overdue, our troubles are less than if the loan is made without the customers having had a proper understanding of what is expected of him. Up to the time the payments become due we have accounts. After the payments become due we have slows. Divided into classes we can say that accounts are,—before maturity and in this stage are no trouble at all. When due they are not bothersome and need little attention but when they become past due, then we often see them with one foot in the P. & L. column. Then is when we begin to lay awake at night and scratch our heads and think. The question in this event is, what kind of a slow have I here? Is this man simply careless of his obligation or is his failure to meet us on time the beginning of a studied attempt to beat us out of the money? We sometimes think that the proper thing to do is to get right after him and hard at that, but policy tells us we cannot afford to lose this customer. People can be trained to pay promptly as they can be encouraged to be dilatory. The longer payment is put off, the heavier the burden becomes and the older an account gets, the harder it is to collect. Delay in meeting one payment often throws the whole lot of those that follow out of gear and makes their collection difficult. The temporarily hardup customer can generally give some reason for his condition, and very often there are very good reasons for his not paying with his usual promptness. Generally these people feel the gravity of the situation, and they are eager to explain to us. In such cases it would be harsh treatment, to say the least, to push a man, when perhaps, the circumstances are beyond his control. When there are extenuating circumstances and we know what these circumstances are, we are forced to the course of forbearance and leniency from any standpoint we may look at the case.

While I have not, up to this, said much of the outside representative, I have not forgotten that his is an all important position and we cannot get along without him. He has had his part to play in all that has been done in the deal up to this time, but when the account becomes a slow, he comes in for his heavy work, and acts as a medium between the customer and the office. He becomes the eyes of the manager in looking over the situation at the house. A good outside representative is an artist. But to be that comprehends a great deal more than is generally supposed or even apprehended by representatives themselves. As a vocation it is capable of being made an important one, and althought it leads, and often rapidly, to a managership, few, in my opinion, take it up to be followed or studied as it should be. Let us ask what the qualifications of a first class representative should be. First of all he must be generally adapted for the business. He must be a good judge of human nature. He must have a strong faculty of intuition. This is a prime requisite, for as I have said before, it is through his discernment that I am enabled to form opinions, or as I say, impressions. It would be absurd for any of us to believe, or disbelieve any statement depends on the impression made on us, and this impression is not a matter of willing or exerting choice. On past due accounts the inventive genius for making excuses and giving reasons is particularly active. Sometimes reasons and promises given are pure fiction and sometimes they are honest enough, but based on too sanguine expectations. Sometimes promises are made with the intention of gaining time for the debtor's own purpose, and again promises are made to be kept. How are we to know? if the representative is not a judge of men he cannot know. No man is in these things infallible of course, but there is a marked difference in this respect in men.

A representative, as well as the manager, should be polite. It does not pay to antagonize the man who is in your debt. You lose his friendship and you may get his ill will. Such a condition of affairs is often only remedied at the end of the year, when you tell the P. & L. story. Be polite, be smooth, but be firm. Keep in mind, last, and all the time what you are after, and bend every effort to get it. Conditions must, however, be considered and leniency must be shown and extensions granted, but this is only a part of the scheme to get what you are after. In short, get the confidence of your customer, for confidence between men is an important factor. Extend the time and coax the customer and when it becomes necessary, in the best interest of other business and do everything in your power to collect rather than begin foreclosure proceedings and my advice, Mr. Manager, is to take up this point first with your employer or superior officer.

(Read at Managers' Convention, Fort Wayne, Ind., Feb. 15, 1923.)

INDIANA.

The second managers' convention was held at the Anthony Hotel, Fort Wayne, February 15th. There was a good attendance and a lively discussion on the numerous subjects presented. Joseph Baum acted as chairman of the meeting and introduced the speakers, including Rev. Arthur J. Folsom whose remarks are as follows:

"I was very much pleased a few days ago when our friend, our mutual friend, Mr. Baum, came to see me and asked me to be his guest on this delightful occasion, and I have enjoyed it thus far very much and I am quite sure that all of you have, because I have watched with a good deal of interest the growing friendship and the better acquaintance among you. I was just telling Mr. Baum that I love this sort of occasion, because it draws us so much closer together. We have a feeling when we have gotten through with a banquet of this kind that we know each other better, and I say to you that he and I have been friends for a long time, but from now on we will be better, closer friends, and that is the idea of having a meeting of this kind, around the table.

"There is also another feature. My attention was called a moment ago, by Sam Jackson, to the fact that he had eaten so much that he was afraid he would be just a little loggy this afternoon at his work. That made me think, as I looked at him, that he is healthy and a pretty big chap, and my mind went off to a preacher preaching away up in the Maine mountains. Several weeks ago a banker from Boston went to spend his vacation there, and while there, on a Sunday morning, he concluded he would go to the little church on the hillside and attend service. He went, and there were a few people there, and as he sat there the preacher began to pray, the long prayer as we call it. He opened it up by saying: 'Thank God for all his mercy on us poor worms.' And, as he warmed up, he continued with more of a like nature, and after it was over the banker from Boston said to himself, 'I am going to take that poor man out with me to the hotel and give him a real dinner and see what effect it will have on him. He took the preacher to the hotel and they had a delightful time and he went back that evening to the service with him, and when the preacher got up to open his service he seemed to have a different atmosphere, and when he began the prayer he did not say 'on us poor worms.' He said: 'Oh Lord we thank thee that we are but little lower than the angels.' He had had a beefsteak.

"We are pleased to-day to extend to you a welcome from the cities and counties of the good old state of Indiana, and want you to know that the people of Fort Wayne are just as kindly and cordial and have just that same kind of hospitality for which they are noted, and we want you to feel it to-day, and I wish, therefore, to express, in my humble way, for the City of Fort Wayne our welcome for you. I am not the Mayor of the city, and never expect to be, and I am not even the prosecuting attorney, and never expect to be, but there are those here who are, and, nevertheless, I am speaking for them, since that is my part, to give you a real hearty welcome. Also, I desire to welcome you in the name of the Chamber of Commerce of Fort Wayne, and for the Chamber of Commerce I welcome you to our city. A few years ago a number of us came together and we concluded that the time had come for us to have a real Chamber of Commerce in Allen County, and it was a good deal like when the change came on the farm years ago. I remember when father and I hitched up Maud and George and went to town and put on several hundred pieces of machinery, which when put together made a self-binder. I can remember when we departed from the self-reaper days to the self-binder. So it seemed to us in Fort Wayne that the time had come to depart from the old reaper days of a commercial club and enter into a larger sphere, and it is to-day our Chamber of Commerce, and I ask you to-day, while here, to consider one of the livest organizations in the middle-west; i. e., our Chamber of Commerce. And it is my relations with that institution in the last five or six years, going out to other cities I have come away very happy in the idea of carrying on these conventions on a broad-gauge, liberal, happy basis, nd that is why to-day I wish to extend to you from the Chamber of Commerce a very hearty welcome. And from just our plain citizens, the kind that need the help you can give them. There never was a time in history when man was so dependent upon his fellow-man as to-day. The farmer tells us to-day he is independent, and there is a common expression, often used, that men, at a time in life, become independently rich. Can you imagine? If all he had was a million dollars, he would be the poorest of the poor, if he had none of the other pleasantries that come in modern life. We have the man that makes clothes, and another makes shoes, and another does something else, and we feel the dependence in that sense of the word. There is also another thing going on these days that is a very great blessing to many people. I will say, gentlemen, in the city of Fort Wayne there are thousands who own their own homes and many got their start be-because somebody was in the business of loaning, and they might not have got the start if they had not been able to get the loan. And so to-day there are thousands in our community, as in all communities or all the larger cities at least ,that depend upon somebody else to give them a start, or if they lose everything, as is often the case, and they are at the bottom of the ladder, or in the basement, and they must have a loan, who in the world will help them? There are men in every city who belong to such an institution as you represent and they are willing to give them the new start, the new kick-off in the game of life, and before you think, it is paid off and they go on their way rejoicing, and I say, therefore, gentlemen, I wish to congratulate you upon your ability to serve your fellowmen, and as Mr. Baum said, we have in our relations the spirit of rotary. If you have, I know very well it is all right. I believe thoroughly in the spirit of rotary because it is founded on the basis of service, one to another and always above self, and so I congratulate you upon your stand for service among men. Once more I remind you of man's dependence upon one another. We should fill our hearts with that glorious work, and if that was the rule we should feel the sense of responsibility in the fulfillment of the golden rule, 'Do unto others as you would be done by,' and I wish to say from what I know of your line of work, I should think the golden rule would work there as elsewhere, and I am sure it does, for as you serve your fellowmen and give them their start, the fresh start in life, you are doing something that they will rejoice in all through their lives. So, for the city of Fort Wayne, and the Chamber of Commerce, and for just the ordinary citizens, I wish to welcome you, and for Mr. Baum and the gentlemen of our city, who are a part of your institution, I wish to welcome you to the best city in Allen County.

(Much applause.)

I always feel a fellow is not exactly right in his mind if he says his city is the best in the world, and yet, after the Plymouth Church has endured me for thirteen years, I am inclined to think it is the best church in Indiana, or it would have kicked me out long ago. However, whether the feeling of welcome is greater east or west, or greater north or south, it can be nowhere greater than in Fort Wayne."

In addition to Rev. Folsom, S. D. Jackson prosecuting attorney elect, made an interesting address.

Subjects discussed included:

Should customers be held to agreed payments? Why

Is it advisable to loan a person having a loan, other security being offered?

How much information should an appraiser have before going out?

Is it good policy to accept payments outside?

Opinions on making loans on goods in storage.

Demonstrating credit exchange, by Geo. Farrington and Clarence Clift.

Does dignified advertising pay better than cheap advertising?

Can the per cent of applications turned down be reduced?

BILL TO CURB LOAN SHARKS PERMITS 3 1-2 PER CENT MONTHLY RATE.

Was Originated by Russel Sage Foundation 13 Years Ago and Is Now in Force in Eleven States, Says Clarence T. Case.

Special Dispatch to the Globe-Democrat

Jefferson City, Mo., February 23.—Proponents of House Bill 391, which was reported favorably out of the House Banks and Banking Committee Thursday, explained it to-day as a measure purported to curb extortionate rates of interest usually charged by loan sharks.

On its surface, the sponsors say, the bill allows a maximum of 42 per cent interest over a period of one year, but the rate seldom reaches its maximum. The interest is applicable by the month at the rate of 3½ per cent.

The bill is the one originated by the Russell Sage Foundation thirteen years ago to curb usurpation of small borrowers, according to Clarence T. Case, St. Louis attorney, who became interested in it here after it was introduced before the State Bar Association at its annual meeting last December.

3 1-2 Per Cent Monthly Rate.

Its 3½ per cent monthly rate is called the scientific rate which was fixed by an investigating body of scientists, who weighed arguments on the side of the lender as well as borrowers, Case explained. It provides for the keeping of numerous small accounts, various investigations and trips necessitated for collections.

Briefly, the features of the bill as outlined by Case to-day, follow:

It applies to persons who borrow less than $300.

The lender is amendable to the State Commissioner of Finance and is compelled to obtain a license for every loan shop at a fee of $100 each.

The lender is placed under a bond of $1,000, which may be increased at the discretion of the commissioner.

The license must be posted in a conspicuous part of the lenders' place of business.

The commissioner is empowered to investigate any violations or reported violations of the law, and may revoke the lender's license if the latter is culpable.

Free Access to Books.

The commissioner has free access to the books and accounts of the money transactions which the lender is compelled to keep.

Every loan must be accompanied by a written statement with date and amount, together with rate of interest, to be given to the borrower.

No charge can be made for investigation into a borrower's standing. This is to be borne by the lender.

The rate of interest may not be compounded monthly, and in the event of suit, the lender cannot garnishee more than 10 per cent of the borrower's wages, in conformity with present laws.

Eleven states have adopted the bill so far, and five others, including Missouri, have it pending before the Legislature. It is on the calendar for engrossment in the House now.

Albert Schweitzer, Prosecuting Attorney of St. Louis, made a talk before the House Banks and Banking Committee when the bill was being considered, and declared the measure would enable him to effect prosecutions, which at present are surrounded with obstacles. He pointed to the clause authorizing the Commissioner of Finance to make a complete investigation of alleged violations.

Loan Sharks Getting 106 to 128 Per cent for Short Time Loans.

Loan sharks of the city of St. Louis are now charging and receiving in violation of state law, rates of interest for small-time loans ranging from 106 to 128 per cent, according to information obtained yesterday. The legal rate of interest in Missouri is 8 per cent.

A reporter of the *Globe-Democrat* visited the offices of four of the money lenders in the city yesterday and in each place made application for a $50 loan. In the office of the first concern visited, which is in the Liberty Central Trust Building, it was learned that an application, stating among other things, the position now held by the applicant, together with the amount of his salary per month and the length of time he had held the office, had to first be made out and then submitted to an alleged committee which passed or rejected the loan. In receiving the loan the applicant signed a note or agreement pledging himself to pay $12.75 each month or a total of $76.50 within six months for the $50 loan, the interest on which would be 106 per cent.

In the second office, which was in the Railway Exchange Building, the reporter found that he could secure a loan of $50 immediately, requiring neither indorsers nor security, and that in return he would have to pay $11 every two weeks for three months, or a total of $66 for the original loan, the rate of interest being 128 per cent.

In another office in the same building it was found that a similar loan could be made providing the applicant would pledge himself to pay $8.75 every two weeks for four months, or a total of $70, the rate of interest on the $50 note being 120 per cent.

At the fourth office in the Chemical Building it was learned that a loan could be secured, without indorsers or publicity and that the applicant would have to pay $12.75 each month for six months, or a total of $76.50 in all, the interest on the loan being 106 per cent.

Edwards Asserts Bill Curbing Loan Sharks Will Help Borrower.

By a Staff Correspondent.

Jefferson City, Mo., February 23.—Representative C. M. Edwards of Dunklin County, who introduced the Russell Sage Foundation Bill to curb loan sharks, by restricting the interest rates upon small loans to 3½ per cent a month, and putting money lenders under the supervision of the State Commissioner of Finance, said to-night that he believed such a law will be a great protection to small borrowers who must borrow without security of any sort.

"An interest rate of 42 per cent annually which this bill would permit, looks high, but I was assured by Clarence Case and others sponsoring the measure that the experience of the Russell Sage Foundation has been that a lower rate will not work out," he said.

"The feature of the bill which appealed to me," he continued, "was the provision requiring money lenders to register with the Finance Commissioner, pay a license of $100 a year and give a bond of $1,000 for faithful compliance with the law.

"Another good feature is that when one violates this law, or the contract entered into with the borrower, he not only forfeits the loan, but can be prosecuted.

"Mr. Case and other representatives of the Legal Reform Bureau of New York, presented statistics showing that the average interest rate of money lenders in the United States is in excess of 100 per cent and some run very much higher than that."

St. Louis Globe-Democrat, St. Louis, Saturday morning, Feb. 24, 1923.

PENNSYLVANIA.

The regular meeting of the Pennsylvania Association was held in the Banquet Room of the City Club, 313 South Broad St., Philadelphia, at 2 p. m., Friday, January 26, 1923.

The meeting was called to order by Chairman A. V. Hart.

Thirty-six member representatives were present. Mr. H. D. Holloway, Girard Investment Company, Philadelphia, was a visitor.

Report of Officers.

The treasurer reported on hand January 24, 1923, $2,336.64. On motion of Mr. Moore, seconded by Mr. Lyons this report was accepted.

The secretary reported a membership of 88—56 in good standing as of July 1, 1923; 51 members are likewise members of the American Association in good standing as of February 1, 1923. On motion of Mr. Herron seconded by Mr. Lyons the report was approved.

Report of Committees.

Executive Committee Chairman Webster reported a meeting of his committee on December 1, 1922, to consider the matter of advertising in the *"West Philadelphian"* as reported by a member being in excess of the space agreed upon by other Philadelphia members. Further, to consider the matter brought to their attention by Pittsburgh lenders that arrests were being made of borrowers whose accounts were in default, etc. Further, it was recommended that Messrs. Hart and Webster visit Pittsburgh immediately. Further, recommendation of the time the next National Convention be held in September, in a middle western city, the cost not to exceed $2,000. At a meeting on December 8th, the size of the advertising of the *"West Philadelphian"* was again taken up and conclusion reached that this was a circular and not a newspaper therefore did not come within the limitation of advertising The members agreed to have Messrs, Moss, Ezekiel and Webster endeavor to have the Philadelphia members abide by the present limitation advertisng understanding, and to make further report. Further, the matter of Guarantee Loan Company Beneficial Loan Society employment of former employee of the first mentioned was satisfactorily adjusted under Section 16 of the By-laws. Meeting on December 15th it was recommended that Chairman Hart be authorized to secure Press Agent for the Association for 1923 at a cost not to exceed $100. On motion of Mr. Wick, seconded by Mr. Herron this report was received.

Chairman Mueller of the Membership Committee in a brief but interesting manner called the attention of the members to the importance of having their competitive licensees in their community a member of our organization.

Chairman Moore of the Publicity Committee reported having appointed members throughout the state on his committee and that they were now ready to function.

Chairman Ezekiel of the Entertainment Committee reported for duty and ready to look after this department of the work.

Secretary reported for Legislative Committee Chairman Kehr, that a state wide committee had been appointed and were ready to handle whatever business came into their department. On motion of Dr. Mueller, seconded by Mr. Wick, the chairman was authorized to make such reasonable expenditures from the treasury as the emergency might require.

Unfinished Business.

On motion of Mr. Webster, seconded by Dr. Mueller the Employees Loan Society Harrisburg was reinstated to membership, the secretary authorized to invite even closer coöperation than we have enjoyed heretofore.

On motion of Dr. Mueller, seconded by Mr. Herron the Executive Committee recommended that $2,000 be designated as the limit of expenditure for the National Convention. The American Association $1,000, be paid from the treasury, the balance to be taken care of by those locally interested, and that it be held in a middle western city during September.

New Business.

On motion of Mr. Webster, and seconded by Mr. Lyons, the secretary was authorized to have one thousand booklets of Dr. Robinson's Annual Banquet Speech printed for distribution among the members and otherwise.

Chairman Hart made a report of his trip, accompanied by Mr. Webster, to Pittsburgh, and of his meeting with local lenders there to consider the matter of the arrests of borrowers for non-payment. He complimented the Pittsburgh men on their splendid coöperative spirit, and that the entire matter had been fully adjusted and all were entirely in sympathy with their recommendations that this practice be absolutely discontinued immediately. On motion of Dr. Mueller, seconded by Mr. Dobyns, a vote of thanks was tendered our representatives for their interest and good work.

On motion of Mr. Webster, seconded by Mr. Horn, the Beneficial Loan Society, 414 Peoples Bank Building, McKeesport, Beneficial Loan Society, 52 Center Square, Easton, Beneficial Loan Society, 547 Penn Street, Reading and the Beneficial Loan Society, 1409 Eleventh Avenue, Altoona were elected to membership.

On motion of Dr. Mueller, and seconded by Mr. Lee the chairman was authorized to employ a publicity man for 1923, the cost not to exceed $100.

Following a discussion of the holidays which are recommended for observance to all members, on motion of Dr. Mueller, seconded by Mr. Webster, the following were recommended and referred to the Executive Committee for attention:

New Year's Day, Washington's Birthday, Memorial Day, Independence Day, Labor Day, Armistice Day, Thanksgiving Day, Christmas Day.

J. C. Lewis, manager of the Citizens Loan Company of Norristown, spoke on the subject of "How I Secure Reference in Making a loan to a new customer" as a part of the regular meeting educational program. On motion of Mr. Gatter, seconded by Mr. Lee, Mr. Lewis was thanked for his effort and it was recommended that Mr. Lewis' paper be forwarded to the LENDERS NEWS for publication.

Mr. E. F. Moore, of Philadelphia, spoke on the subject, "Conducting a Small Loan Concern for Colored Borrowers Only." On motion of Mr. Lyon, seconded by Mr. Herron, his recommendations were approved and referred to the Executive Committee who are to present a plan for the carrying out of their views to be submitted to the members.

There being no further business to transact, on motion of Mr. Dobyns, seconded by Mr. Millard, the meeting was adjourned. C. H. WATTS, *Secretary.*

VIRGINIA.

The First Quarterly Meeting of the Virginia Association was held January 18, 1923, at Richmond Hotel, Richmond, Virginia.

The business session of the meeting was called to order by Chairman Pope, at 3:30 p.m., in the Banquet Hall at Richmond Hotel.

UNFINISHED BUSINESS.

Chairman Pope reported that a paper on Publicity was being prepared to be submitted to the Executive Committee for approval, but had not been completed yet. Chairman Pope also reported that another paper known as a Financial Statement to be used in making loans had been completed and was being used.

Secretary Garrett reported that this paper had been tested out at Lynchburg, and proved effective in Bankrupt Proceedings. The paper in question caused much discussion and the opinion was that it should be adopted as the uniform paper by members of the Virginia Association.

COMMITTEE REPORTS.

Treasurer Edge reported balance in treasury of $125.62, with all bills paid for the year of 1922.

Secretary Garrett reported twenty-five (25) licensees in the state and only twelve (12) members of the Association in good standing, all dues having been paid for the year 1922.

Mr. Herbert, of Norfolk, introduced Mr. F. C. Cross, president of the Universal Small Loan Corporation of Norfolk, who applied for membership in the State Association. A vote was taken, and this company was unanimously elected to membership.

Secretary Garrett stated that the matter of the plan of the Virginia Association regarding the financing, and also the place to hold the next National Convention should be discussed. Upon vote, it was decided that this be left to the Executive Committee of the State Association, which would report its findings to the National Secretary.

INTERMISSION.

Upon motion by Chairman Pope that the remainder of business be discussed after dinner which was scheduled for 6 p.m., upon vote this was carried and the members met in the Banquet Hall at 6 p.m.

Guests present were: Mr. Sam Burnly of the State Banking Department; Mr. G. M. Smith-Deal, president of the Smith-Deal Business College of Richmond, Virginia; Mr. James Tyler, of Richmond, Virginia and Mrs. J. S. Edge of Richmond, Virginia.

Addresses were made by Mr. Sam Burnly, Mr. G. M. Smith-Deal and Mr. James Tyler, which resulted in turning the session into an open forum for a space of two hours. Debates on subjects of importance to the association were a result.

An excellent paper on coöperation was read by Treasurer Edge. Upon motion by Mr. Larsen that this be published in Pamphlet form for distribution among members of the association, a vote was taken and it was unanimously decided to order the publication of this paper.

Mr. Larsen of Philadelphia gave an excellent talk on Clearing Houses for members of the association, and explained how this was operated in Baltimore, which resulted in the promised support of all members present to adopt such a Clearing House in their respective cities.

The chairman announced that it was time to complete the business session and to elect officers for the ensuing year. The following were elected as officers:

L. E. Pope, chairman; H. Thompson, vice-chairman; F. Bray, secretary; F. C. Cross, treasurer.

EXECUTIVE COMMITTEE.

J. S. Edge, chairman; W. F. Bradshaw, F. T. Strand, L. E. Pope, F. Bray, T. P. Thompson.

LEGISLATIVE COMMITTEE.

Messrs. Mattingly, Moss and Cross.

PUBLICITY COMMITTEE.

Messrs. Edge, Bradshaw, Heflin, Strand and Herbert.

MEMBERSHIP COMMITTEE.

Messrs. McMurtie, Thompson, Heflin, Price and Garrett.

Next meeting will be held in Norfolk, April 12th. Time and place to be announced later by the Entertainment Committee, Messrs. Heflin, Bradshaw and Cross.

A rising vote of thanks was tendered to Messrs. Smith-Deal, Burnly and Tyler for their excellent addresses and suggestions. We hope to have them with us at our next meeting in Norfolk, Va.

MARYLAND.

The February meeting of the Maryland Association was held in the Board Room of the Merchants and Manufacturers Association Building, Baltimore on Tuesday evening February 13th, at 8 o'clock.

In the absence of the chairman and vice-chairman, Mr. J. D. Goldrick being called upon served in this capacity.

The minutes show that there were present: Lewis F. Eckhardt, Roy T. Baseman and F. L. Brush of the Peoples Loan Society; Lee H. Pumphrey and Lewis Niemeyer, Commercial Guarantee Co.; Joseph J. Wood, J. E. Turner and Herman Lappe, Community Finance Service; J. Beal Helm, G. W. Stancill, Jr. and H. C. Moore, Chesapeake Loan Co.; C. A. Gardner, United Finance and Security Corporation; F. M. Ebert, C. R. Hathaway and W. F. Oliver, Jr., Household Loan Co.; H. T. Mattingly, Surety Guarantee Co.; R. L. Smith, Reliance Guarantee Co.; C. S. Thompson, N. W. Ferri and W. M. Keller, Beneficial Loan Society and J. D. Goldrick, Union Loan Co.

REPORT OF OFFICERS.

There being no message from the chairman, Mr. Oliver who has been assisting the Executive Committee in obtaining data on the companies who are operating under the pretext of buying salaries, gave a complete detailed report as to what had been accomplished to date in this connection. It is hoped by next meeting that the Executive Committee will have in their possession papers and information that will be the means of rectifying the above condition. Great progress has been made to date.

Treasurer Goldrick reported $371.29 on hand with all bills paid.

Upon motion being made by Mr. Wood, seconded by Mr. Oliver, this report was accepted.

The secretary in making his report, thanked each member for their promptness in remitting dues covering our State and National Body. All dues are paid to date with the exception of one State and two National.

REPORT OF STANDING COMMITTEE.

Mr. Mattingly, chairman of the Program Committee, reports that we have secured Mr. Roy T. Baseman to prepare a paper to be read at this meeting entitled, "How I Handle an Application in the Home."

Mr. Hougham, chairman of the Merchants and Manufacturers Activities submits the following report:

February 12, 1923.

To the Chairman,
Maryland Industrial Lenders Association, Baltimore, Md.

Dear Sir:

It is not my intention to be present at the February meeting of the association to be held February 13th and this office will not be represented.

The following report with reference to the Merchants and Manufacturers Association Activities is submitted.

The advertisement in the Baltimore Magazine has been changed and the new copy will appear in the March number.

Efforts to have our association take advertising space in the classified business directory published by the M. and M. Association, has been made, but I am not prepared to recommend it at this time.

On February 8th, I attended the annual banquet of the M. and M. Association. It was an exceptionally attractive banquet. Our membership seems to have taken little interest in this annual banquet, and I take this occasion to recommend it most highly and to suggest that in the future we record a much larger attendance than in the past. It is a splendid opportunity to contact the business men of Baltimore.

Respectfully submitted,
E. E. Hougham.

There being no membership committee, the chairman appointed J. J. Wood and W. F. Oliver, Jr., as members of this committee. They were instructed to contact C. Harry King, manager of Credit Service Incorporation and obtain his permission to submit his name for membership at our next meeting.

There being no report of special committee, no unfinished business, the secretary being called upon read a communication from Mr. E. R. Kline of Pittsburgh, advising our body that he had transferred his interests in Hagerstown, Md., to the Community Finance Service Incorporated also requested that we change the membership accordingly. This being acted upon favorably, the chairman ordered the secretary to make the necessary changes.

Mr. Roy T. Baseman being called upon read the following paper:

"How I Handle an Application at the House."

I first want to impress upon you that there are good and bad people in every class and locality. In approaching an individual a man can best serve his firm by observing the following rules:

First:—That no person should be discredited until proven untrustworthy.

Second:—All petty arguments and controversies should be avoided as far as possible.

Third:—Explanations should be brief and to the point and always based on convincing facts.

I shall endeavor to tell you how the writer goes through the regular application at the home.

Upon arriving at the home, I ring the bell and upon receiving an answer, I say "Pardon me, what is the name of the people living here?" She will answer "Smith." I will say "John Smith?" "Yes."

Well, Mrs. Smith I am from the Loan Office. I look at her in case she will say, "What Loan Office." Perhaps she may have another loan elswhere. I take notice if guilt is written on her face. She invites me in. At this point I try to find something to admire, if there are children, I remark, "how pretty they are," regardless how they look to me.

My first question is "Mrs. Smith when would it be convenient for you and Mr. Smith to call at our office for the loan." If you can make the applicant picture herself receiving the money, the balance of your questions will be answered without any difficulty.

I then check over the application with the wife, and compare statements and note the difference in the two stories. I then ask permission to list the furniture, the chances are she will say "I think there is enough furniture in this one room to cover the loan." My answer. "I grant you that Mrs. Smith, but my firm requires a complete list of the furniture, in view of the fact that at some future date you may desire a loan of $300.00 as many of our clients do, and we will not have to put you to the trouble of taking a list again."

After listing the contents of the house I ask to see the rent or B. and L. Book. Question, "Such red tape. I thought the loan was to be made on the furniture?" Answer, "That is true Mrs. Smith, but it is merely to verify that you are Mrs. Smith, you must see that it is the best way the company has of verifying that fact." For example, Mrs. Smith if I were to come to you and you never having seen or heard of me before and asked you to loan me $100. Would you do it?"

That is practically the same thing you are asking this company as we require no signature other than your husband's. When it comes down to final facts Mrs. Smith, the company does not consider your furniture for the loan it is a question of your honesty and character.

I next ask to see the furniture receipts she may have; explaining to her if she happens to be buying on installment it will make no difference in her standing with our company in obtaining the loan. I note very carefully if the receipts are for the same furniture which I have listed. After explaining our Money-To-Loan Service, and our very reasonable rates, and assuring her she will find pleasant conditions at our office, I bid her a pleasant good-day.

Men always remember we are the channel through which the Good Ship Money Borrowers sails. His destination is our firm's cash drawer. Let us welcome the good ships and keep out the undesirable ones by giving our manager a thoroughly intelligent report on all applications. Roy T. Baseman.

Mr. Baseman was complimented by several members upon his thoroughness in looking up an application. The chairman consulted most every outside man present as to his views on the above paper. Much food for thought was gained by us all.

Mr. Mattingly presented the following questions for general discussion:

First. If an applicant asks for a loan of one hundred dollars on furniture, and it is ascertained that he owes a balance on certain articles of one hundred dollars, and a balance of one hundred dollars on a piano to another concern, is it best to advise the applicant to take a loan of three hundred dollars and pay off the two installment houses, which would consolidate the indebtedness or make the loan of one hundred dollars as applied for?

Second. Is it advisable at any time or under any circumstances to advise a customer that no interest will be charged on their account if so when? and if not, why?

Third. Is a three hundred loan desirable?

Fourth. What average size loan is preferred?

Several different opinions were expressed in reply to question number one. The majority of the members being in favor of pooling the borrower's obligation.

Lengthy explanations from the managers covering question number two, presenting actual transactions as occurred in their offices. All members agreed when circumstances and conditions made it advisable to accept principal only, it was wise to do so.

It was the consensus of opinion among most all present that a $300.00 loan was desirable, providing the company was selling service, pooling the borrower's obligations, giving him a long term to repay at a small monthly payment, thereby relieving the client from worry of several obligations. This encourages promptness and thrift with the average individual.

Loans ranging from $40.00 to $125.00 are the deals preferred by most brokers present. If the monthly payment on principal is over $6.00, $7.00, or $8.00 it is often hard for the average borrower to meet. Long drawn contracts are frowned upon, as frequently a borrower loses interest before the loan is half paid back. From eight to sixteen months should be ample time for the average loan to run.

The remainder of the evening was turned over to the outside men, who discussed in detail their method of approach in looking up a new application, their experiences in taking a recheck, their method of obtaining an audience with a delinquent at the residence, etc.

There being no further business, upon motion by Mr. Oliver, seconded by Mr. Ebert, the meeting adjourned until Tuesday evening at 8 o'clock March 13th.

H. C. Moore, *Secretary.*

COMMUNICATIONS.

London, January 20, 1923.

Stuart H. Benton, Esq.,
25 Church Street, New York.

Sir:

I have to acknowledge the receipt of your letter of the 30th ultimo addressed to the Board of Trade, and to inform you that the registration of Money Lenders in England and Scotland is under the control of the Commissioners of Inland Revenue. The official for Scotland is the Comptroller of Stamps, Inland Revenue, Edinburgh. In regard to Ireland, you should communicate with the Ministry of Commerce for Northern Ireland at Belfast, and with the Comptroller of Stamps at Dublin.

I am sorry that I cannot advise you of the names of the principal libraries in England, but most of the important cities and towns have libraries. I might add that the booklets referred to have not reached this office.

At the end of the last month, 21,899 registrations of Money Lenders had been effected in England at this office, but there is no means of knowing how many of them have ceased to carry on that business.

I am, Sir, your obedient servant,
A. E. Campbell-Taylor,
Deputy Controller of Stamps.

Peoria, Ill., February 17, 1923.

Dear Mr. Kehr:

I am enclosing to you a letter written by our state's attorney, to the secretary of the Peoria Merchant's Association.

This letter was read to a meeting of the Credit Grantors Association of which I am president, and the letter received such favorable comment and both daily newspapers gave it such prominent space, that I thought perhaps it would make good reading for the Lenders News.

I secured the permission of Mr. Galbraith, the author, and he said O. K. and desired to see a copy of the Lenders News. Yours very truly,

A. E. Paris,
Manager Central Loan Company.

**Ernest J. Galbraith,
States Attorney,
Peoria County.**

Peoria, Ill., Feb. 17, 1923.

Mr. H. F. Sehmer,
Secretary Peoria Merchants' Association, Peoria, Ill.

My Dear Sir:

Your Merchant's Association is vitally interested in the enforcement of the criminal law. You have been interested as secretary of that association in prosecuting a number of shoplifters, forgers and confidence game cases, in which the merchants were defrauded by crooks. It has occurred to me that some figures with reference to the number of jurors called and the way in which business men have themselves excused from the jury might be of interest.

I have had the jury list checked over and find that since the January Term, 1921, 754 men were served by the sheriff for jury service in the criminal court, that of these 41.6 per cent or 313 jurors were excused by the court that of this 313 excused 227 or 72.5 per cent of the total excused came from the city of Peoria. These figures are very striking.

We are unable to determine by inspection of the jury list how many of these excused jurors, residents of the city of Peoria, were members of your association. We know however, that quite a number of them were members, and that the very large percentage of the excused city jurors were business men of the city of Peoria or influential citizens.

If you could present these figures to your members in the usual way by bulletin or otherwise, we believe that your members would at least realize the importance of jury service and what a reflection it is upon your membership and upon the business life of Peoria to have so large a percentage of business men evading jury service. In fact it seems to me that when the merchants are so liable to become the victims of crooks, and as you know make constant demands upon us for the prosecution of these cases, that they should carry their interests a little further and be willing to perform the service of passing upon the guilt or innocence of crooks preying upon the community, themselves as well.

The proper administration of the criminal law demands that business men shall serve as jurors and actively participate in the enforcement of the law, otherwise the criminal law enforcement is likely to fall down, and I bring this appeal directly to you as a representative of these influential business interests who can help to make the administration of the criminal law in this community more effective than it has been in the past.

Thanking you for your attention to this matter, I am

Yours truly,
(Signed) E. J. Galbraith.

CONVENTION FEATURES.

E. G. Jones, City Passenger Agent of the Louisville and Nashville Railroad Company advised our local Chairman Chas. E. Reed about one of the interesting features of the next National Convention under date of February 12th as follows:

"Confirming my conversation in your office this morning.

"It will be my pleasure to arrange for the operation of a special train to Mammoth Cave for the accommodation of the officers, delegates and the ladies who will attend the above convention in this city, September 19th-22d, on any date you or your National Secretary select.

"We can name a very low rate of $8.50 per person for the day's outing, this rate to include round trip railroad transportation, Louisville to Mammoth Cave, two meals at the Mammoth Cave Hotel and the choice of the Echo River or the Martha Washington-Star Chamber route in the Cave. This special train will require a minimum of one hundred and twenty-five paid fares and can be operated leaving Union Station, Tenth and Broadway, this city, say 7:30 a. m., arriving Mammoth Cave 10:30 a. m., have dinner at the Hotel, the choice of either of the above routes in the Cave, supper at the Hotel, leaving there at either 5:20 or 5:30 p. m. on a special reaching Union Station, Louisville at 8:20 p. m. or 8:30 p. m.

"This will be an excellent opportunity for the delegates to visit one of the World's wonders at a very low expense and on their own special and have the advantage of being able to make the trip in a day and return to Louisville in time for connections to the East, North and West and any delegates enroute to the South, such as Nashville, Birmingham, or Memphis, can leave the special train at Glasgow Junction and take our through train from that point.

"The rate is also named on a basis of one hundred and twenty-five which is a very nominal cost and to compare it with an individual trip the railroad fare alone is $7.91 for the round trip not to figure on the meals and Cave trip.

"I am attaching copy of a circular which our Company will have printed for distribution among the delegats on their arrival at the convention, but will be glad, in the event you decide to make the trip, if you will give us whatever advance announcement of the trip in your preliminary advertising and program of the convention.

"Assuring you of my desire to work closely with you in an effort to make the convention a thorough success and thanking you for your interest in this matter, I am etc.

RHODE ISLAND.

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Biltmore Hotel, Providence, Wednesday, February 7th.

Through the kindness of A. L. Wick of Phildaelphia, a copy of all printed forms used in Pennsylvania was shown the members. It was explained it would be of great benefit if the printed matter was standarized and had all the work done by one printer either locally or out of town. The members appreciated the various suggestions offered and were in favor of centralizing all printing.

The exchange system as established in various cities came up for a good deal of discussion and its practicability was ably demonstrated by Mr. Wick, who had papers outlining the manner in which the bureaus in different cities have successfully used it.

The Association as a whole appreciates the advantage it has over many of the associations in other states in not having to pass through the trials of the exchange bureau as first started and that it could enjoy the privileges of having it come to us as near a finished product as possible. Hopes of having the Bureau in operation within a few months were heartily voiced by the members.

It was moved and seconded that new certificates for the Association be printed.

Mr. Wickstrom and Mr. Wood were appointed as a committee of arrangements in preparation for the yearly banquet of the Association.

In addition to the regular business of the association, consideration was taken of the tentative draft of the Uniform Small Loan Law, which is proposed for enactment at this session of the Legislature. The association invited and advocated this legislation as it was decided that its provision was along constructive lines and voted unanimously for its enactment.

J. W. Wickstrom, *Secretary.*

ANDREWS PRESENTS LOAN SHARK MEASURE.

Russell Sage Bill introduced in Lower House by Republican Leader.

State House, Providence, Feb. 23d.—The bill known as the Russell Sage Foundation uniform small loan bill was introduced in the House to-day by Representative Harold B. Andrews of Cranston, the majority leader. While conforming in all essential particulars to the Sage Foundation law now effective in some twenty states, this bill was drafted with a view to adapt it to the needs and conditions particular to Rhode Island.

Its object is to abolish excessive interest rates on small loans, that is loans up to $300.00 for which no collateral is offered as security. In those states, which include Maine, New Hampshire, Massachusetts and Connecticut, where it has been in force for several years, it is said to have proved a remedy for the loan shark evil.

In this state, as in the others where similar legislation has been adopted or is being advocated, it has had the support of sociological students, financiers, economists and civic and religious leaders generally.

The bill has been indorsed by the following civic and commercial organizations in this state: Society for Organizing Charity, Kiwanis Club, Salvation Army, No. 1, Corps of Providence, Methodist Episcopal Ministers' Associations of Rhode Island, Y. M. C. A. of Providence, and New England Association of Ice Cream Manufacturers.

In addition to these indorsements it has the personal support of Bishop William A. Hickey of the Providence diocese of the Roman Catholic Church; Bishop James De Wolf Perry, Jr., of the Episcopal Diocese of Rhode Island. Rabbi Samuel M. Gup, pastor of Congregation Sons of Israel and David; Mayor Joseph H. Gainer, of Providence; Dr. R. D. Hollington, pastor of Mathewson Street M. E. Church; Dr. Edward Holyoke, pastor of Calvary Baptist Church, Providence and Henry F. Burt, Secretary of the Providence Society for Organizing Charity.

The sailent features of the bill are the licensing of money lenders by the bank commissioners, the license fee being $100 a year; the bonding to the state of lenders, inspection of lenders books and records at any time by the bank commissioner; limitation of loans not to exceed $300 at any one time to the same borrower and the fixing of a maximum rate of interest at 3½ per cent a month on unpaid balances of the loan.

No other charge of any nature whatsoever may be charged on the loan, all fees, commissions, investigation charges and the like, being absorbed in the maximum interest rate fixed by the law. This rate was determined on by acturial calculation as the minimum under which a lender could operate at a fair profit after a nation-wide survey of the hazards of the business by the students of sociology.

—Pawtucket Times, Feb, 23, 1923.

LEGISLATION.

According to reports, the last month has seen some progress and some reverses in the numerous State Legislatures which are now in session. Friends of the movement to improve small loan conditions in this country are back of the Uniform Small Loan Bill which is now pending in Rhode Island, New York, Tennessee and Missouri. The bills appear to be favorably considered by the committees to which they have been referred and we are hopeful that as the weeks roll by that the legislative map with respect to small loan legislation will show an advance at the conclusion of the 1923 sessions.

Reverses have been met in Minnesota, where the bill passed the House but was defeated in the Senate. North and South Carolina after reporting the bill out favorably, killed it on the floor. These set-backs are best explained by the lack of education and inclination which is so essential to a thorough understanding of the small loan problem.

The reduced rate measures pending in New Hampshire, Massachusetts, Connecticut, New Jersey, Ohio, Indiana, Illinois and Iowa seem to be doomed to die in committee because their passage would mean the elimination of respectable institutions which are now rendering a necessary service to a large mass of the American people at a rate that permits only a fair profit to the investor.

Bills in Montana and Washington seem to have received favorable consideration but it is believed that the time of the session is not sufficiently long in those states to permit the passage of the Uniform Bill this year.

From all indications, West Virginia should become a legal state within a short time as the support given the Uniform Bill in that state has been general and by the best people and organizations known for their disinterested motives.

The demand for the Uniform Law in Florida seems to be growing day by day and it is probable that the Uniform Small Loan Bill will be introduced in that state when its Legislature meets within a short time. The only definite report we have of Credit Union legislation is from the Indiana Legislature which adjourned March 5th and on the last day passed an amended bill on this subject. The bankers and building and loan association people of this state appeared to think that many of the functions provided for in the bill were now being performed by their institutions so that they led the opposition to this legislation. Similar bills are pending elsewhere in committees, but none have yet become laws, according to our reports.

HOW TO EDUCATE THE PUBLIC TO PAY PROMPTLY.

By Leonard Devine.

The question of educating the public is one of the most important ones facing every loan manager and in fact every one connected with the loan business, at the present time. It is a question in which we are all vitally concerned, and each of us must bend his energies and thoughts toward a betterment of the present condition. Of course we realize that the problem will be brought about by a fusion of the best ideas of each member of organization like ours. This little discourse will not by any means end our troubles but it may serve as a start toward a concerted effort to improve a situation which has plenty of room for improvement.

"Educating the Public to Pay Promptly," is one of life's little problems which must be solved some day, if we are to progress. Like all other evolutions it will be very gradual and since the small loan business as a legitimate installment enterprise is comparatively new, there is no doubt it will take a little while yet before the whole of the public will realize that a loan contract is not like a ordinary bill and must be paid on the date due. However, hard as it may seem don't let us say, "it can't be done." Merely telling the client that his installment is due on the tenth will not, in most cases, do the trick. We have got to show him a definite and positive reason. There are two themes which we can play up in this line.

One is easily disposed of. We all understand how to handle the case of the man whose account is in such a condition that we have to renew it for the balance to get it out of delinquency and with whom we don't care to deal any further.

On the other hand, with a man who is essentially honest, although a bit slow, and whose regard we don't wish to alienate, we will probably find it efficacious to stress the advantages of paying promptly, rather than the disadvantage of not paying promptly. By this I mean, convey the impression to him in a diplomatic way, that he may wish to avail himself of our services at some future time. If such a necessity should occur, it would be a great satisfaction to him to know that there is one place at least, where he can obtain ready cash just by signing his name. Even should this necessity arise, it will be a source of satisfaction to him to feel in his heart that if sudden reverses should occur, he will always have the Society to fall back on.

You have no doubt found, that most people when getting a loan, particularly their first loan, have the idea that they will never need another. Their's is a perfectly honorable ambition, to be free of debt once more and on the road to prosperity, with a few dollars laid aside for a rainy day. Nevertheless, your loan pockets will tell the tale: that true to the old saying, "they all come back." To such a man, our hint that he may need another loan, might fall on deaf ears, but to instill in him the feeling that he should be proud of his banking connections with the Society, to feel that he is above the average wage earner, will tend to create in him the desire to attain, and deserve this standing.

And after all, isn't this the easiest way? Doesn't it seem that by far the better way is to furnish him with the idea and let him furnish his own motive power? To me it does, in every case where I believe the man has intelligence enough to realize that credit with an institution like the Society is a very handy thing to a man who has no bank account. The best time to educate a client is during the period of his first loan and an apt quotation is: "Train up a child in the way he should go and when he is old, he will not depart from it." If a new loan is put on the books, and the slow card filed with the rest, and when the delinquent he is sent a first notice, and then a threat to put his account in the hands of an attorney, and finally an attorney letter, he will eventually get hardened to these things, and if he does, he will be very much harder to train. A good system I have been using is to look in the slow file every day for new loans due the day before, who have not paid. Generally there are none, if the loan was properly closed.

If there should be one or two, I get in instant communication with him either by telephone or by having the investigator call on him and have him come to the office to see me personally. I make a note on the ledger card so that if the cashier should take the payment, she will call my attention to the acount and I will then have a personal talk with the client. Then, if ever, is the chance to educate him. Make believe you have a personal recollection of him and of your understanding with him that his payments were to be made on the 10th, and no later. This is bound to make an impression on him and make him feel that you are watching his account at all times, and will help him to remember it on the 10th of next month. This is the foundation of his education and should he ever go delinquent again, a first notice would have many times the effect it would have had if you had neglected to give it that few minutes of personal attention. You will then have a client who will give you very little trouble, and who will at the same time, respect you for your insistence on his living up to his contract. This method will also create in him a greater respect for the contract since he will realize that it is a real, live, vital thing, ready to get right after him the moment he neglects it.

All this applies mostly to new accounts you put on the books yourself, for which you feel a personal responsibility. If you find this experiment successful, *you will never have to reproach yourself with having made a good loan and then permitted it to go bad through lack of a few minutes of personal attention.* Let our motto be, among others, "Build for the future."

Then again, some of us new managers on coming into an office, find that many old clients have not been properly trained and their loan due on the 10th, has generally been paid anytime between the 10th and 20th, or the 25th, in some instances. This is a rather bad condition since it makes it necessary to send one, two, or three notices in order to get every payment, which causes considerable trouble and inflates the delinquent list. It is impossible for a manager to get after every account in this condition but to revert to our new motto, he can "Build for the Future," by correcting this condition every time a client applies for a renewal of his loan.

In such a case, the method I employ, is to first ask him how much he wants, by way of starting the conversation. Then make an intensive study of the payments on his card, while keeping him in suspense, which will be broken by saying; "It seems Mr. Smith, that you have had a little difficulty in taking care of this loan. What seems to be the trouble, is it that your income is too small, or are your expenses too large, or is it just plain neglect on your part? Your payments were due on the 10th, you have generally been made anywhere from the 12th to the 20th. Perhaps the 10th is not a very convenient date for you to pay. Does your rent or other expenses come due around that time, or don't you get paid until later?"

In this way, you open up the ground in a diplomatic manner, for full discussion of the matter. He cannot take offense for he himself is in the wrong; he has not lived up to his contract, and yet he is asking for another one. Therefore, if handled rightly, he can be started off again, the same as a brand new client who has never been spoiled by neglect, and from then on, he can be made to realize that a payment due on the 10th, must be paid on the 10th, and no later, if he is to retain his credit standing. He has been faced for a moment by the possibility of being refused a new loan, which he absolutely needed, and in that moment he will see the error of his ways and realize the possible consequences of his carelessness.

Others of you have other ideas besides mine. I hope to see some one volunteer to make a further talk on this subject, to carry on what we have started to-day. This is one of our most important problems and on which we managers can participate to a greater extent than in any other. We can help to solve it better than any scientific experts, because we are on the ground and knowing the obstacles we are better equipped to work out a solution. Let us all chip in the best of our ideas, don't take only mine or those of any one other, but let us all give a talk from time to time, until we finally work out our solution, which will improve conditions even if it don't perfect them. Let us consider that this will be done some day, however, remote, and we might as well have a hand in it, for we will reap the benefits. It will make our office better, our job better, and our relations with our clientele much more pleasant.

By E. R. Bitting.

I believe you will agree with me that in most methods of operation in our business no definite rules can be laid down, or followed out in making collections, in fact we must or should be guided by the facts as we know them in each particular case, and follow the dictates of our own judgment as to which would be the best way to collect that particular account.

I might say you will never find two cases parallel in every detail, and that is the chief reason why I say we cannot establish any set of rules of collections.

I consider the first thing to do, in going after a slow, is to ascertain why the client failed to pay—if from lack of employment—sickness—or some other legitimate cause, the best results are usually obtained by sympathetic understanding. Take the borrowers into a private room—sit down and make them feel at ease, and go over it with them, and with a view of finding out just what their resources are, and when they expect them to improve, and if you are satisfied they are unable to meet the payment at that time—try to create the impression that you are very much interested in their welfare, and that you are disposed, in this case to extend the rules a little and grant them an extension of time, and set a definite date when you will expect the payment. I do not think it advisable to incur the enmity of the borrower who has "become slow" through any honest or legitimate cause.

If, on the other hand, they have become "slow" through carelessness, or some foolish expenditure, which the borrower should know would jeopardize his ability to pay, according to his contract, then I feel that the best results can be obtained by a firm and forceful presentation of the fact that the strict letter of the contract must be observed. This can almost always be done without resorting to a severe "balling out," and just how far you can go must be regulated by your knowledge of the particular case you are handling. Some have to be "jacked up every so often, or they invariably fall into a rut, and you have another chronic slow on your hands others require continual reminders in a forceful way to keep them off the slow-report—others, a few jolly remarks will bring the best results, and others, need no recognition at all. Then we have those who are perfectly good accounts who consider it their inalienable right to drift practically as they like, and resent any reference to the fact. It has been my experience in the number of years of business to let these latter severely alone.

Another important detail is to use the proper tact and diplomacy to lead up to an opening to get your argument home, and to present it in an understandable form, which requires a thorough knowledge of the extent of the mental intelligence of the person with whom you are talking, also the lines along which they think—and the language to which they would be most susceptible.

I believe in using the mail first, when an account goes slow sometimes two or three letters before asking a personal call, and then the outside man, should be instructed to make it plain that he does not intend to run there every month, and is there now to verify the fact that they still live there, and that the security is still intact. Only in very rare cases should he accept money at the house, in fact, only when you know that is the only way you will ever get it, for just as soon as you do, you are through seeing them in the office until they want another loan.

I do not believe in using form letters in addressing a delinquent, for each case usually requires a little different wording, and as soon as a borrower finds he is getting a form letter, it receives no attention, and when a manager has too many slows for him to dictate personal letters to each of them his office is getting in pretty bad shape, or he is not employing sufficient help. It is not economy to be compelled to pass up some vital point in the collection of an account, because you are too busy doing something else. The salary of an additional employee can be lost several times over by permitting the psychological moment for getting after a doubtful account to pass. No form letter is ever anything *but* a form letter—no matter how well disguised, and while it may suit three or four this month, it will not suit the same ones next month.

The telephone is very often a useful assistant in making collections where it can be used, and it is more valuable than a letter, for it puts you in direct contact with the delinquent and creates and leaves a more lasting impression than a letter, or a call from an outside man—for the borrower is usually more timid about coming in contact with the manager than the outside man, when it is necessary for the outside man to make a call, he should exert all his energies to getting the borrower in the office, and then his time has been wasted unless the manager is there to interview them personally, making it plain that you are taking a special interest in their case, and have already stretched all rules to the limit in their behalf.

Good results are sometimes obtained by "turning over" a slow account but this method should be used with discretion for many of them will consider that as they have gone two or three months behind with this account, they can do the same with the renewal, so it serves only where they can be made to realize that it is their last chance to make good, and it is for their own benefit, and if for instance, they are paying $10 a month on the principal, and you can renew them for $5 per month on the principal, then I would consider it a transaction worth while, and one which could be easily explained to them as being to their advantage.

I think the best way to make collections, when it becomes necessary, is by using a personal first letter, calling their attention to their contract, and the date due-making it short and right to the point, and if this does not bring results, follow it up by a second stronger letter, use the phone—then your outside man, and then use your own judgment when you get a hold of them personally.

There are many methods of collections in use, and numerous so-called systems that have been, and are being tried by different credit concerns—all, guaranteed by their originators to produce the results. But I believe the best method is to get in personal contact with the delinquent and analyze his case individually, and apply tact, diplomacy and the teachings of experience to each particular case.

AN ADDRESS.

By Dr. E. J. Cattell, of the Philadelphia Chamber of Commerce, before the annual Pennsylvania Association Convention, Bellevue-Stratford, Philadelphia, November 16, 1922:

After that wonderful introduction, my dear friends, I am a little embarrassed, knowing I will disappoint, and the part of prudence would be to remain silent, but that I cannot be, though I realize how wise it would be not to talk, remembering that remarkable 13th verse of the 22d chapter of Jeremiah, where it tells us that Jonah said to the whale: "This thing wouldn't have happened if you had kept your darned mouth shut." (Laughter.)

I have another handicap troubling me a little which will pass off, however. I spoke at two luncheons to-day, and I have been to two dinners to-night before I came here. When it comes to appetite, I take after both my father and my mother—one ate very fast and the other ate a long while, and when I got through I felt like the little fellow who went to the party, and that boy ate so much it should have removed every wrinkle from his body for the rest of his life. When he got through, he said to his nurse: "Pick I up, carry I out, but don't bend I." (Laughter.) Now, there is a trace of unbendability about me which I hope will pass off.

I really would like to say some of the real things I believe about your work. It is wonderful, it is helpful, especially to the man of small means, and we have many of that kind in Philadelphia. While there are fewer large fortunes in Philadelphia than New York, we have a wider distribution of money than I believe any other city in the world. We have a wider and larger ownership of homes, my latest estimate being about 198,000 owners of homes in Philadelphia, dwellings; we have to-day over 400,000 separate dwellings, built on their own land, with God's earth under them and God's sky over them, and out of that number only 20,000 are built of wood. They have all modern improvements, and it may interest you to know that 140,000 of them, mostly occupied by our skilled labor, have their own inside laundry, which saves us ten per cent in water consumption and means a tremendous help in the life of the people.

We have some of those cases you so definitely and directly relieve by coming to the assistance of men who in a crisis must have a little money. Many of our large business firms frequently require money and sell their paper in the great money markets, and lose interest on it in order that their credit may be upheld, so that in time of crisis they can get the accommodation they need. The small borrower never has that opportunity, and when necessity strikes him he must make personal application to a man who can measure character and who is able to make these loans, and thereby contributes to his continued prosperity and the prosperity of his family. You fill, to my mind, a very real place in the building of homes, the raising of families, and in the home life, and that is the heart of the republic, the heart of the whole world; and I want to say to you to-night, you are doubly welcome to this good City of Philadelphia, and I bid you godspeed in your work.

I am delighted to see so many lovely ladies here to-night. We are told that God made man first and woman afterwards, but man has been after woman ever since. You remember when Adam was in the Garden of Eden alone nothing moved, nothing happened, but when Eve came along everything moved and everything happened. (Laughter.) I think those words written by the Prophet Jeremiah four thousand years ago are just as true to-day—that a woman is only as old as she looks, and a man is never old until he quits looking! (I am not certain that Jeremiah wrote those words; it wouldn't have been half so sad if he had.)

I make it a rule to change my job every fifty years to keep from getting into a rut, and in my new office I have a sign reading: "If a pretty girl passes and I do not notice her, send for the coroner, because I'm dead." (laughter.)

I am an optimist myself, not through blind faith but, I believe, through an intelligent grasp of the situation. I have seen in my conscious life the wealth of America grow from seven billions to three hundred billions. I have seen in my conscious life the homes in Philadelphia grow from 75,000 to 400,000. Do you wonder I am an optimist when I witness the marvelous growth in this one nation? I have seen twice as much vealth accumulate in my life in one country as is to-day possessed by the rest of the world.

I passed over fourteen years of my life in other lands overseas. I have written about some seventy different countries. This year I have visited over 14,000 miles, visiting 38 states. I have come in contact with all conditions of life and all parts of this wonderful country. I might nention, to give added force to my words, that I predict we are on the edge of the greatest development, the greatest era of prosperity America has ever seen and I believe that in a few years Europe will enjoy the same return of prosperity.

I have recently talked with a very able banker from Belgium, and he told me that there was more money in Belgium to-day than ever before in their history. I had a talk with Sir Reginald McKenna, the head of probably the largest bank in the world, and he said his estimate of the property, the good investments of Britain outside of the Empire, ranged from two thousand millions to three thousand millions of dollars.

The world is not broke! The pessimist is nothing more than a blind man in a dark room looking for a hat that is not there. Be an optimist!

This old city is sometimes spoken of as slow and asleep. God help the rest of the world if we ever wake up! I made up the actual statistics of our factories, and I found that every time the clock ticks in Philadelphia, every second, we make 25 pairs of stockings; every second we make a new shoe; every two seconds a new hat; every three seconds a new pair of lace curtains. If we could put all our carpet mills up against a six-room house we could carpet it in 28 seconds—less than a half a minute! We build a trolley car every hour, a locomotive every two hours, a new house every twenty minutes, and a new baby every thirteen! (As I am a bachelor, I am bragging about other people's work, not my own.)

Will you not agree with me that it is a pretty busy old city? You hear that trolley car going by—that is one of a family that in every twenty-four hours goes ten times around the earth, without going out of Philadelphia. The total mileage of all our cars in 24 hours is about 248,000 miles, or ten times around the earth. Put our streets together and they will reach all the way to Denver, Colorado. It is a pretty big town to be asleep. It is good for the world that it does sometimes sleep.

I made three speeches this week in New York, and I find that I like to go there to get a breath of the country air. (Laughter.) One man introduced me as coming from "Sleepy Philadelphia," and I told them I came to New York through a tunnel built by a Philadelphian; I entered the finest station in the world, built by a Philadelphian. As I walked out into the city of New York, a friend said to me, "There is the second largest store in the city," and I saw "Gimbel Brothers," branch of a Philadelphia store. We walked a little further, and he said, "There is the largest store in the city, and I looked up and read "John Wanamaker," a branch of a Philadelphia store. I said "Where are you going to put up?" He said, "The Waldorf-Astoria," and he added: "That was built by Mr. Boldt from Philadelphia." We went on a little further, and I said, "I don't want a big dinner, just a little lunch," and he said, "Right across the street they feed about 36,000 people every day, the best place in New York for a quick lunch," and looking over I read the sign, "Horn & Hardart," a branch of a Philadelphia restaurant. I then said to him, "About the only thing in New York that I can see built by the New Yorkers are the graveyards and street cars."

Pennsylvania is a good old state. The more I see of the rest of the world, the more I love Pennsylvania. All her streets are peopled by men and women who are loyal followers of "Old Glory," who believe in home life, and, after all, my friends, that is the basis of my optimism for the whole world. Twenty-six million families in America! Thing of the influence of your own home, think of the old mother—rich if you have her, poor, indeed if, like myself, God has taken her away; and then multiply that influence by twenty-six million, represented by the homes of America, and you will see what an anchor the great Ship of State has, one that will help her pass through any storm that may sweep her decks.

And speaking of old folks reminded me of the story of two old people up in New York State. They had lived on a farm all their lives, and on the fiftieth anniversary of their wedding they decided to be extravagant, for they had always been very saving and had had little time for fun. Now they had read in the *Saturday Evening Post* about the wonderful luxury of the idle rich in New York, and they made up their minds they were going to the best hotel, and have the best room, no matter what it cost. They arrived in New York, inquired as to what was the best hotel, went to the Biltmore, ordered the best room, and got it. After the boy had deposited their bags in the room and left, they looked around at all the beautiful furniture, and, for the first time the old lady saw twin beds. She looked at them and then turned to her husband and said: "Josh, I am awfully disappointed. I thought we were going to be by ourselves." (Laughter.)

My friends, get in love with life, enjoy life, and believe the kind Father above has many good things in store for you. In your patriotism and your friendships, in your loyalty to lodge or church, let it be continuous, not spasmodic. You know there are people who celebrate the Fourth of July with a great deal of noise and then are traitors in actions and words all the rest of the year. Let me illustrate what I mean: Being an old bachelor, lots of people come to me for advice upon matrimony, and because I am an old bachelor, I give it. I remember quite recently a friend came to me and said, "Cattell, my wife and I are fighting all the time. We don't seem to get along together at all well, fighting all the time." I said to him, "This is a simple case. I daresay you have forgotten to pay her the attentions that you did during the engagement, that you have forgotten all the old tricks that won her." He said, "I didn't think it was necessary after we got married." I replied, "That is just where you are wrong. The thing to do is to start in today, buy her some roses, send her a box of candy, pay her a few compliments, and I know it will be all right. See me in the morning and report." He came in to see me the next day looking very dejected. I said to him, "Well, how did it work?" He answered, "Rotten!" "Tell me all about it," I said. "Well, I did just as you told me, I got the candy and the roses and perfume, I went home, and as soon as I opened the door I began to pay her compliments, but suddenly she began to cry. I said to her 'What is the matter?' And between sobs she answered, 'This is the worst day I have ever had. First the baby took sick, then a pipe burst and I couldn't get a plumber, the maid has left, and now you come home drunk!" (Laughter.) It was too sudden!

Be honest with others and honest and truthful with ourselves. Face the truth squarely—a lot of us haven't always the courage to do that. I have a dear friend who was induced four or five years ago to take the pledge. Two days after he took the pledge I met him, and I could see he had fallen off the wagon. I said to him, "Tom, I am awfully disappointed! Frankly speaking, you are drunk." And Tom answered, "If I'm not I have been badly swindled." But, I am glad to say, Tom later climbed back on the wagon, and didn't even get off to give his seat to a lady.

That is the only message I can bring you. You are very welcome to Philadelphia. You are doing your part to lead the world back to paths of pleasantness and peace, and don't, don't, go away with the idea that we are only a money-loving and money-grubbing people. I have lived in other lands years at a time, and I have found that no people in the world have kinder hearts than the Americans, no people in the world are more consistently trying to help others, no people are more sentimental than the Americans. Let me give you one picture before I leave, an illustration of what I mean:

I was at a great bankers' convention in New York, where 10,000 men were gathered from every section of the United States, all interested in money. I walked around that big lobby of the Commodore Hotel, and saw many old friends and they were all talking money, money, money, exchange, interest, hard coal, metal, commerce. I had been traveling all night and perhaps was a little nervous, for it certainly got on my nerves to hear that money, money, money! I decided to go to bed, and just as I was leaving the lobby, an old friend I had not seen for seven years, and who was at the head of a big bank in the southwest, came up to me, and after shaking hands, he said, "Cattell, come, sit down with me for a moment. I want to tell you something. Do you remember the last time we met, six or seven years ago?" I said, "Yes, it was at Hot Springs." I remembered it at once because at that interview, as we sat there in front of the Homestead Hotel, this man had opened his heart to me and shown that all his affections were centered in his boy whom he idolized, and I thought a great many times afterward, "I wonder what ever happened to that boy, that one human being in which he has placed such a wealth of affection." Then he went on, "You remember I talked of my boy and how I loved him." And then he stopped, seemed to pull himself together, and went on: "We lost him in one of the early battles of the war. It broke his mother's heart and it unfitted me for business for a long time, but about six weeks ago I had been sleeping, and just before the dawn, I seemed to have been disturbed by something, and opened my eyes, and the walls of my bedroom seemed to have disappeared. I seemed to be above the clouds, and suddenly I saw the face of the One I love and try to follow—the Master; and as I watched, wondering at my new environment, I heard that sweet voice calling my boy, and looking I thought I saw my boy approaching, and the Great Captain of all said to my boy, 'I have work for you to do,' and He seemed to give my boy some orders, and my boy smiled back at Him and disappeared, and then the walls of my room came back, and somehow my burden had fallen, my heart was at rest, my boy was doing something somewhere, and it was only a question of waiting, waiting, until we meet again."

There was the talk of money all around us, on every side, but this man had opened his heart and spoke of that which is spiritual, and underlying every phase of American life there is that deeper living that is our salvation because we all believe that each is a sovereign by divine right, and that flag stands for something holy and will never be lowered in defeat when we are leading a just cause, because we have behind us the infinite power and, guiding us, the infinite wisdom of the Great Leader.

May God bless your deliberations and take you home from this great city better citizens, more truly dedicated to the service of others and to the glory of God! (Applause.)

1,230 LICENSED LENDERS.

According to statistics furnished by the Legal Reform Bureau there were 1,230 licensed lenders doing business in February as follows:

States	*No. of Individuals*	*No. of Partnerships*	*No. of Corporations*	*Total*
Arizona	0	0	3	3
Colorado	2	0	7	9
Connecticut	3	0	26	29
Delaware	0	0	2	2
D. of C.	0	0	0	0
Georgia	5	2	5	12
Illinois	96	42	0	138
Indiana	87	18	175	280
Iowa	24	5	13	42
Kentucky				
Maine	19	0	0	19
Maryland	9*	6	20	35
Massachusetts	25	2	49	76
Michigan	24	3	16	43
Minnesota				
Missouri				
Nebraska	4	0	3	7
New Hampshire	6	0	1	7
New Jersey	9	4	92	105
New York	1	0	21	22
Ohio				190
Oregon	11	3	4	18
Pennsylvania	20	19†	126	165
Utah	0	0	1	1
Virginia	14	2	11	27

* Includes 3 classed as chartered companies.

† Includes 13 classed as joint tenants.

Next Convention

Louisville, Ky.,

Sept. 19-22

How I Secure References in Making a Loan to New Customers

By J. C. LEWIS

I consider the taking of a reference sheet not only one of my very important duties that has to do with the success of our business, but also essential to the collection department and a matter that greatly effects our Profit and Loss Account.

Why do we take references? The first thought that comes to our mind in answer to this question is in order to locate a customer should they abscond. There are three other purposes that a reference sheet ably serves as I see them.

First, it enables us to get in close personal touch with the customer.

I dare say that you have often been told a little story about a particular friend or relative, or given a minute description of some last place of residence.

Second, the advisability of making the deal.

While the report of the outside man is very essential in the making of a new loan nine out of ten deals made or rejected are determined by how and where the patron lives or lived, also how well they are connected, not only from the relative and acquaintanceship standing, but fraternal, and an employment one as well.

Third, the information if properly taken makes one of the best collectors.

It has been conclusively proven that ninety-five per cent of the people who apply for and get credit are thoroughly honest at the time, also that the only three reasons why people do not pay are dead beat, poor management, and hard luck. Therefore, usually the patrons we experience trouble with are ones who become a victim of circumstances and their excuse always is hard luck. There has been many dollars collected from this type by getting in touch with the references, both with and without the coöperation of the customer.

If the patron is because of hard luck inclined to lean towards the dead beat class they do not want you to get in touch with the references, and satisfactory arrangements are generally made for payment because of this sheet. In the event of using a reference sheet for this purpose I am at all times watchful and have it thoroughly understood that in interviewing references they (the customer) are being served, and there is no thought of broadcasting their affairs.

The above may be somewhat foreign to the original subject, but I can hardly tell you how I take a reference sheet without first letting you know what is on my mind while doing my work.

When taking references I concentrate my thoughts on five very important features. We will, or we will not make the deal, personal closeness to the customer, credit impression, collection of the account, and the possibility of a skip.

In all cases without exceptions I first explain that the investigation we make is at the house and office, and state that we have a few questions to ask, as we must know something about the person before making a loan, assuring them that the same is held in strict confidence. I try to make the applicant feel that our office is their money home, but I also impress them with the fact that this is not a personal loan, but a matter of business from the time application is made until the deal is terminated.

I, therefore, am frank to admit that while the applicant is at all times treated with extreme courtesy I do not use any evasive methods to extract answers from them. I cannot recall a loan ever having been lost because of this open and above board treatment. This plan too usually makes a good paying customer. With this understanding at the beginning we can generally determine the manner of person we have to deal with. They may be folks who are not in the least concerned who knows they are borrowing, and make some such remark as "Fire away," or "Go as far as you like." These people we have very little trouble with.

Then again they may be skeptical and state that they desire their dealings conducted very confidential. This type as a rule uses the expressions of "We did not know there was so much red tape," Goodness! you must give your life's history," "What does he, she, or that have to do with this loan, or "Are these people interviewed?" and "Do they know of our business transactions?"

There are exceptions to all rules, but I believe the reasons for non-payment as well as objections to answering questions on a reference sheet are so common that by careful study we can train ourselves to have the remedy at hand and the answer ready immediately without the least forethought.

The first two objections in a greater number of cases are overruled by stating to them that "If you deposit your money in some banks they not only require your address, but ask you to fill out a blank which consists of references whom the bank gets in touch with in the event something happens to the depositor." I, at this time make it clear that if a good credit is established there are no questions asked on future loans, as this sheet is always kept on file. All that is necessary is their presence at our office and the desired amount is quickly loaned. I also then guarantee one hundred per cent confidence on the loan with their coöperation.

In answer to the latter questions the patron is invariably satisfied with the explanation that this reference sheet is not taken as a matter of distrust. Since they are going to get the money before leaving the office it would be useless for us to get in touch with these people at this time. After this explanation I have been asked "Then why do you take references?" They are then told that the reference sheet is used only after a customer does not value their credit, or of anything of a serious nature should happen while the loan is still unpaid. This answer generally puts all doubts at rest in the minds of the honest, but skeptical.

Then we come in contact with those who maliciously give false names and addresses. These applicants are very few comparatively, and are usually caught, although they sometimes slip by.

I always know who the outside representative interviewed at the house and in asking questions as to past residence, rent, employment, etc. I address the other party and expect them to reply. If there is a difference noted in the answers I am exceedingly careful. If my suspicions are aroused I fill out the entire sheet and afterwards check it with the applicant. This procedure in many instances prevents the placing of a bad loan on the books.

Allow me to site an illustration. An applicant recently claimed he was a member of a certain fraternal order. He gave the number and location of his lodge. In the course of conversation I indirectly passed along to him something that required a reply, but it was not forthcoming. Upon checking the sheet I watched the number of this order carefully and he gave a different number. I then became inquisitive and he was finally forced to admit that he never belonged to this particular fraternity, but stated that he made a false reply in order to make a good showing.

When asking these people the questions I many times looked up from the desk quickly and more than once detected them making eyes at one another. It is needless to say that they did not get the loan, althought the outside look up recommended them. As a matter of experiment I kept watch on these people, and in less than two months it was learned they were not married. They also separated, selling their furniture, and left a number of bad debts behind.

Finally permit me to say there is hardly enough room on an ordinary reference sheet for me to get the information I would like to. In addition to getting last place of residence, employment, fraternal organization, I ascertain the place of employment of relatives and friends, in addition to their addresses. I get insurance companies, whether industrial or ordinary policies. I also inquire as to references being home owners, bank account, and B. & L. Association shares of the applicant, and whether they own an automobile, and if so are they purchasing the same on the installment plan and the license number.

I consider any one of these good information on skips and valuable in the collection of slow accounts. In short I firmly believe a loan well made and an impressive reference sheet taken is three-quarters of the collection of any account regardless of conditions.

The major portion of this article may be antiquated information, but since I take it we are here for education an exchange of thought will probably get us further along than any one paper or address. Therefore, if my ideas of taking a reference sheet on a new application are not quite clear to you, I would be pleased to answer any questions you desire to ask, and by this method of friendly discussion it will be possible for us all to learn.

INDUSTRIAL LENDERS NEWS

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EDUCATIONAL ADVERTISING

By LESLIE WHITMER

The topic assigned is not only of state importance, but national as well.

I shall confine myself to the work which we have started and expect to continue until there is a much better understanding among the non-borrowing public in Sioux City.

Some of our leading loan men are not in favor of such a campaign, because many offices are not what they claim to be, and often the lender is not what he represents himself to be. We must educate these lenders, as Mr. Ham states to me in letter after our Sioux City meeting: "The state associations and the National Association were organized I think mainly for the purpose of focusing public attention upon work of the loan associations, advance the progress of the uniform law, protect against undue interference from the outside, and generally to advance the interests of the business, but I am inclined to think that their greatest accomplishment up to date, as you intimate, has been the education of the loan men themselves."

It must be recognized that educational publicity is more important than advertising, to obtain more business, for I am convinced that as soon as there is a better understanding among the general public as to the need of our business and the methods that are practiced, there will be a new class of borrowers that will increase our volume many times. The Uniform Law is fair to the borrower; the rate of interest and other provisions are scientific and constructive. Much work remains to be done to convince the layman and legislator of the economic value of it. We must look largely to the legal fraternities, public prosecutors, social and civic organizations for coöperation in maintaining our present law, and I do not believe there is a better way of gaining public opinion than educational advertising in our daily papers.

We have begun our campaign in a small way, by buying advertising space once each week, in our daily papers, to tell about the advantages of the Uniform Small Loan Law of Iowa, and in addition mailed nineteen hundred letters, personally signed, under a two cent stamp, to members of the Chamber of Commerce, Rotary, Kiwanis, High Twelve and Lions Clubs, also real estate association, doctors, lawyers and ministers, calling attention to our ads, and that we would feel complimented if they would read them. We had an advertising man write the ads, and began with a series of ten copies, taking two columns and ten inches of space. The cost of these ads was $560.00 and 10 per cent additional for having them prepared. Results so far have been very satisfactory. We have received some letters, all congratulating us and thinking it particularly apropos at this time. The title of all the ads are "Why the Small Loan Business," and I believe it would be good sound business if more companies would start a similar campaign, and I do not believe you would be disappointed in results.

For the purpose of obtaining business, just what kind of advertising is best adapted to our line of business, it is rather difficult to say, but generally speaking our advertising must be honest and educational in nature. The lender that does not give to borrower, honest and sincere consideration, will find his loan balance shrinking until he will have no need for license. The large body of non-borrowing citizens in any community knows nothing about the Uniform Law. As far as they are concerned, our position is exactly the same as that of the manufacturer who sets out to put a new product on the market A campaign of education must be inaugurated. The public must be familiarized with what we are trying to sell. To non-borrowers our rates often appear too high. Inasmuch as we desire the good opinion and support of this class of citizens, they must be convinced of the fairness of our charges. With borrowers, the case is somewhat different. They are usually anxious to borrow where they can borrow cheapest.

In closing, for this business to, obtain the standard of which it is justly deserving, it will be necessary that all our offices are decently run and everything in connection with the business be conducted in accordance with the Golden Rule.

Read at a meeting of the Iowa Association held in Des Moines, April 12 and 13, 1923.

Some of the Educational Publicity to which Mr. Whitmer refers is herewith reproduced. Would that more members would follow the example of the Provident Loan Association, of Sioux City, Iowa. Each message was set in display type and occupied ten inches double column and so far has been run in the *Sioux City Journal, Tribune,* March 24th and 31st, April 1st and 8th.—[Ed.]

WHY——
THE SMALL-LOAN BUSINESS?

"Lend and do good" is a biblical expression. The loan business is as old as organized society. It dates back beyond the time of Homer when the picture of an ox was imprinted on a piece of leather and called "Money."

Money lenders have ever drawn the barbed shafts of wit and ridicule from the time of the Greek philosophers to the present-day pungent paragraphers.

The province of the small money lender is certain and established. His business is essential to the community. He is a necessary element in our financial system.

Sixteen years ago Mrs. Russel Sage established a philanthropic endowment of Ten Million Dollars, the income from which was to be used for the betterment of social and living conditions in the United States. A survey was made by the Sage Foundation of the small-loan business. It was found that a considerable proportion of borrowers were being exploited rather than relieved.

There was organized as part of the Sage Foundation the Division of Remedial Loans, whose mission was to conduct a campaign of public education with regard to the necessity of the small-loan business as a part of our fiscal machinery —to point out the evil operations of the prevailing commercial agencies; to procure intelligent, reasonable legislation, based on a desire to regulate rather than annihilate to oppose passage of impractical laws; to encourage the organization of remedial loan societies that would make loans at the lowest rate consistent with sound business principles and a reasonable but definitely limited return upon capital.

Out of this came the "Uniform Small Loan Law," now adopted by Iowa and 19 other states. This law permitted a flat interest rate of 3½% per month, without fees or other charges. A lower rate had proved insufficient to provide capital needed to meet the demand for loans; a combination of lower rate with additional fees had proved too susceptible of abuse. The new rate was based on definite information concerning the necessary cost of operation and was keyed to the business of the lender of average capital in the moderate-sized cities.

Further information on the small-loan

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business will be published in this space next Sunday.

Provident Loan Association, Sioux City, Iowa Building, Leslie Whitmer, President.

Sioux City Journal.
March 24 and 25, 1923.

WHY——

THE SMALL-LOAN BUSINESS?

Regulated by Law.

When a large part of the income of the Sage Foundation of $10,000,000 was devoted to investigation of the small-loan business and in securing Uniform Small-Loan Laws in twenty states and in encouraging the organization of Remedial Societies, it must be admitted that the small-loan business is an important branch and a necessary element in our financial system.

The uniform Small-Loan Law reflects a desire to do justice to both borrower and lender. It recognizes the fact that small-loan agencies, unlike banks, have no deposits and must do business on their own capital. It recognizes that their security is not substantial or fluid—that small-loans on chattels or wages require more investigation than bank loans. It recognizes that installment repayments necessitate a larger bookkeeping and collecting system.

The Uniform Small Loan Law also protects the borrower—it demands that he understands the terms of the loan and of his contract, that he shall receive a receipt for all payments—it provides a means of recovery in case of overcharge. And this law gives the supervising power of the state free access to all necessary data that he may determine whether the law is being religiously observed.

The law has reduced unnecessary borrowing and lightened the burden of the deserving borrower. It has reduced the losses of the lender, legitimatized the business and those engaged in it. It has substituted respect for disrepute. It has saved the borrowing public from the payment of excess interest running into many millions of dollars.

The constitutionality of the Loan Law has been definitely established. It is being ably administered by state officials who have come to have an appreciation of the importance of the small-loan business and respect for the licensed lender.

In Iowa the small-loan business is regulated by law and the lender is under the supervision of the State Banking Department. The law requires the lender to furnish a bond of one thousand dollars for every office he operates. The lender becomes responsible to the State and to the borrower. The Banking Department of the State becames responsible in supervising the business.

Further information on the small-loan business will be published in this space next Sunday.

Provident Loan Association, Sioux City, Iowa Building, Leslie Whitmer, President.

Sioux City Journal.
April 1, 1923.

WHY——

THE SMALL-LOAN BUSINESS?

The Industrial Borrowers.

Fifteen per cent of the population of America have access to the financial and borrowing facilities of the Banks and Banking Institutions.

The remaining 85% are without financial provision in their time of need. Forty million of this group are Grade A borrowers, possessing character, honesty and earning power, the three essentials for a loan, yet no provision is made for them in time of need.

The industrial borrowers, forty million and rapidly increasing, are the borrowers without banking connections, unable to secure acceptable endorsements, entirely outside the province of a bank, for they are without acceptable security for a loan.

Remedial Loan Associations were organized for this vast army of industrial workers and the Uniform Small Loan Law was drafted for their protection.

On their needs in periods of emergency, greed has built what is known as the "Loan Shark's Evil," charging exorbitant rates of interest. The Uniform Small-Loan Law in twenty states has eliminated this evil and met the need.

In Iowa alone, during the year 1921 small loans were made to 18,824 persons by the forty or more companies forming the Iowa Industrial Lenders Association. These loans aggregated $1,436,278.

Legalized, licensed loan companies have come to be recognized as the industrial workers' banks. They have just as an important mission in the financial field, are just as essential in banking service to the small borrower as the bank is to the man with acceptable security.

The making of small loans should be dealt with only by loan associations, is the opinion of the leading bankers—it is a legitimate business and occupies a right and just province.

Because of the large risk involved in making small loans on chattel or wage securities the interest rate must be higher than that which the banks charge.

Loan Associations do not receive deposits, hence, they loan their own money on securities the banks refuse to accept, involving greater risk, greater investigating expense and greater collection cost.

A rightfully conducted Loan Association that conscientiously and squarely serves the small borrowers is a legitimate business, most worthy of commendation, and surely is a part of our commercial machine.

Further information on the small-loan business will be published in this space next Sunday.

Provident Loan Association, Sioux City, Iowa Building. Leslie Whitmer, President.

Sioux City Journal.
April 8, 1923.

Here is a copy of the letter sent out April 6, to the members of the business men's organizations, to which Mr. Whitmer refers:

Dear Sirs:

Owing to criticism of the Uniform Small Loan Law, made by several honest, sincere and fair-thinking people at the open forum meeting Sunday, March 18; and in order that the general public may know more about the necessity of our business and the number of people we serve, we have decided upon an educational advertising campaign in the interest of the Uniform Small Loan Law, which was drafted by the Russell Sage Foundation, after a survey of many years, by capable men who were not engaged in the business of making small loans.

This association was organized under the Russell Sage Foundation plan, and we are members of the National Federation of Remedial Loan Associations.

The second one of a series of ads covering a ten inch space, two columns, appeared in Saturday's *Tribune*, March 31, and Sunday's *Journal*, April 1, and will appear in each paper on Saturday and Sunday for several weeks, and we will feel complimented if you will read these ads. They are not for the purpose of obtaining business, but to educate the non-borrowing public of the necessity of our business and the fairness of the Uniform Small Loan Law.

Yours truly,
PROVIDENT LOAN ASSOCIATION.

LOAN BILL GIVEN STRONG APPROVAL.

Majority of Speakers at House Judiciary Hearing Advocate Passage of Measure.

OPPOSITION ALSO VOICED.

Most of Opponents Object Only to Certain Sections of Act.—Many Representatives of Societies Urge Favorable Action.

Most of the 16 persons who spoke before the House judiciary committee yesterday afternoon at the hearing on the Andrews Small Loan bill favored the measure. Objections voiced by the opponents of the measure were directed mostly at individual sections, and not against the bill as a whole. They also declared they were satisfied with the Cutler law now in force.

The spokesman of the opposition forces was former General Treasurer Richard W. Jennings, who said the present law was, in the main, adequate. He specifically objected to several provisions of the Andrews bill, including supervision of the lending business by the Bank Commissioner and the amount of the license fee, which he held was too large. Objections were also voiced by Thomas F. O'Reilly of the People's Loan Association, Frank H. Wildes, attorney for a loan company, J. C. Semonoff, attorney of the Guaranty Loan Company; Antonio Marcaccio and two other persons.

Passage of the bill was advocated by Bank Commissioner George H. Newhall, General Secretary Richard B. Watrous and former General Secretary Clarence B. Cotton of the Chamber of Commerce, Henry F. Burt, general secretary of the Society for Organizing Charities; William B. Greenough, representing the same society and the Legal Aid Society; LeRoy Pilling, counsel for the Legal Aid Society; Walter S. Hilborn of New York, director of the Remedial Loans Division of the Russell Sage Foundation; Joseph J. Genthner, director of the Legal Reform Bureau, to eliminate the loan shark evil, and Frank Hinckley, attorney for the Reform Bureau.

Mr. Hilborn explained that the bill was modelled on the Sage Foundation uniform small loans law, but modified to conform with local conditions. He described the successful operation of the law in a score of states which had adopted it, and said the maximum rate had been arrived at as a figure fair to both parties in a small local transaction, and calculated to attract capital adequate to supply the credit requirements of needy borrowers.

The proposed law was contrasted by Bank Commissioner Newhall with the present one under which the business of making small loans is conducted. Secretary Watrous said that the Chamber of Commerce had indorsed the act only after careful deliberation and investigation. The man, who has character and earning ability, but is without either collateral or guarantors, is discriminated against under present conditions, Mr. Genthner said, in the concluding argument for the bill. The Andrews law, he believed would protect that type of person against unjust interest rates.

During the hearing, Mr. Genthner received a telegram stating that the uniform small loan lay had been passed unanimously by the lower house of the Delaware Legislature. Objections to the local measure were based in the main on the proposed interest rate as being too low and on supervision of the lending business by the State.

One objector, Mr.Marcaccio, declared, however, that the rate provided in the new bill was too high, and characterized the limiting of loans to $300 as the "joker in the woodpile." He said there was nothing in the bill to protect the lender against a man who borrows and does not intend to repay.

Providence Journal, March 17, 1923.

Friends of the movement to improve national small loan conditions will be pleased to learn the Uniform Small-Loan Bill passed both Houses of the Rhode Island Legislature unanimously and became a law Saturday, April 14th, when the Governor signed it.

NEW JERSEY.

Assembly bill No. 154 was introduced by Howe, January 29, which permits provident loan associations to make loans up to $300 and to declare dividends up to 8% per annum. This amends the law increasing the maximum dividend from 6% to 8% per annum.

In New Jersey the Act of 1908 authorized provident loan associations to be incorporated and originally permitted them to make industrial loans only up to $200. A year ago the law was amended increasing the maximum loans to $300, and the associations were authorized to conduct a pawnbroking business as well as an industrial business, in that respect following the New York Personal Loan Company Law.

Provident loan associations are subject to the supervision by the Department of Banking and Insurance but are exempt from the payment of annual license fee. There are but two associations in the state operating under this law, and they are located at Newark and Patterson.

The annual report of the New Jersey Banking Department includes statistics on the industrial loan companies but does not include statistics on the two provident loan associations. It has been suggested to the Department that the statistics of the provident loan associations be also included, and it is likely that this data will appear hereafter.

INDIANA.

This letter is for you.

Will you kindly read it and reply quickly.

You know that the regular annual convention of the Indiana Industrial Lenders Association will be held in Indianapolis Wednesday and Thursday, May 16th-17th.

I have letters from Mr. Aufderheide, Broughman, Teel, Woll, Harbison, Zumpte, Mueller, Hodson, Blumberg promising to send all of their managers to this convention.

We want every member of the Association to be present, the election of officers will be held. It is your Association and it is your duty to elect the ones who will preside over the Association for another year. The delegates to the National Convention will be elected also.

Some change in the By-Laws in reference to the suspension of members for non-payment of dues will be made.

We are planning on at least two hundred for the banquet which will be held on Wednesday evening and is open for the wives and sweethearts. We are going to make this banquet a real pleasure event, full of fun, no long drawn out speakers, but a general good time. If you miss it, you will miss a real treat. *It will be strictly informal.*

You will find enclosed a postcard to be filled out and returned at once in order that preparations can be made for the banquet and program. Will you kindly do this to-day.

Put this date on your calendar with a notation that you will be in Indianapolis Wednesday May 16th-17th.

Yours for a rip-roaring convention,
Indiana Industrial Lenders Association.

P. S. Arrangements will be made to entertain the ladies.

Will you kindly send me latest copy of newspaper ad and circular letter.

LENDERS' SOCIETY RE-ELECTS VOGEL.

Sol H. Vogel, Trenton, will head the New Jersey Industrial Lenders' Association for the second time.

Mr. Vogel was elected yesterday at the annual meeting of the association at the Robert Treat Hotel. Other officers elected are: Albert Meighan Paterson, vice-chairman; Peter Alberse, Paterson, secretary; John V. Long, Jersey City, treasurer.

Mayor Breidenbach spoke at the morning session. In the afternoon the members listened to F. B. Cutter, of Marietta, O.; C. H. Chaney, Elmhurst, N. Y.; Nelson Matthews, of Elizabeth; John Bain, of Newark; Mr. Meighan and Mr. Alberse. Senator Parry was to have been the principal speaker at the night session, but was unable to appear. John Whitestone, of Plainfield, was toastmaster at a banquet and Judge Stickel spoke. Other speakers were Colonel Clarence Hodson and Joseph J. Guenther. *—Newark Star Eagle, Friday, March 16, 1923.*

MARYLAND.

The regular meeting of the Maryland Industrial Lenders Association was held in the Board Room of the M. & M. Building, No. 22 Light Street, Baltimore, Md., on Tuesday evening, April 10th, at 8 o'clock.

The meeting was called to order by Chairman Gardner.

The following members were present: E. E. Hougham, Coöperative Loan & Investment Co.; F. M. Ebert, C. R. Hathaway and W. F. Oliver, Jr., Household Loan Co.; E. S. Armstrong, Natl. Equitable and Investment Co.; Roy T. Baseman, Louis F. Eckhart, F. L. Brust, People's Loan Society; C. S. Thompson, F. W. Ferri, Beneficial Loan Society; F. C. Arzt, G .W. Stancill, Jr., H. C. Moore, Chesapeake Loan Co.; J. E. Turner and Herman Lappe, Community Finance Service, Inc.; Edward Richardson, Earl Fuggett and C. A. Gardner, United Finance & Security Corp.; E. F. Moore of Philadelphia being our only visitor.

Report of Committee.

Mr. Hougham of the Executive Committee reports progress relative to investigations Attorney Bryant is making in connection with the loan companies who are buying salaries instead of making straight loans. A detailed report covering the entire matter will be submitted in time.

There being no report from Mr. Wood, Chairman of the Membership Committee, owing to his inability to be with us.

Chairman Mattingly of the Entertainment Committee being absent, the secretary reported no member was assigned to prepare a paper to be read at this meeting, as we desired to have as much time as possible to discuss plans for the annual meeting and the exchange bureau.

New Business.

The annual banquet was discussed in detail and it was decided to hold the meeting in connection with our regular meeting on June 12th. The business and educational program to be held in the afternoon and banquet in the evening followed by a dance. It was suggested that the managers bring their wives, office assistants and all ladies who are interested in the business, in other words this is to be a social evening especially for the ladies.

Chairman Gardner appointed Messrs. Hougham and Oliver to assist the Entertainment Committee in preparing the educational program, providing speakers for the banquet, etc.

Exchange Meeting.

Mr. Hougham of the Exchange Committee reports as to what has been accomplished to date in the way of obtaining a bureau of credit information for the loan men in Baltimore.

Mr. Mahling, Manager of the Retail Credit Men's Asso., has agreed to operate the exchange, and in order that he may have a little more light on the subject, he is at present in Philadelphia investigating the workings of that successful exchange with the thought of operating the exchange in Baltimore on a similar plan. Mr. Mahling has agreed to give the exchange committee a definite reply as to the efficient service and cost of operating the exchange, no later than Thursday, 12th. Immediately thereafter the exchange committee will call a special meeting of the members and form rules to govern the exchange. We hope to have the exchange operating by May 1st, in order that the members may enjoy the benefits of an exchange service at the earliest possible date.

The remainder of the evening was spent in open discussion among all present as to the entertainment and educational benefit they hope to derive from the annual meeting.

There being no further business to transact, upon order of the Chair, the meeting adjourned until Tuesday evening, 8 o'clock, May 8th.

H. C. Moore, *Secretary.*

MARYLAND.

The special March meeting of the Maryland Industrial Lenders Association was held in the Board Room of the Merchants and Manufacturers Association Building, Baltimore, on Tuesday evening, March 13th, at 8 o'clock.

The meeting was promptly called to order by Secretary Moore.

The secretary called the members' attention to the necessity of the association having a live, wide awake, energetic member to act as chairman, pro tem, for the remainder of the year. Inasmuch as our chairman and vice-chairman have removed to other states, and are unable to take an active part. Upon motion of Mr. Armstrong, seconded by Mr. Wood, Mr. C. A. Gardner was nominated and elected to serve in this capacity. Mr. Gardner responded to the honor conferred upon him in accepting the chair, by giving the members a short peppy talk upon the duties of the chairmanship, and assured each member present, he would live and breathe a spirit worthy of the honor and dignity of active chairman.

The following members were present: Messrs. J. Edward Richardson, Earl Fugget and C. A. Gardner of the United Finance and Security Coöperation; A. Lee Pumphrey and Louis Neimeyer, Commercial Guarantee Company; J. E. Turner, Herman Lappe and J. J. Wood, Community Finance Service Coöperation; E. E. Hougham, Coöperative Loan and Investment Company; F. M. Ebert, C. R. Hathaway and W. F. Oliver, Jr., Household Loan Company; E. S. Armstrong, National Equitable and Investment Company of Baltimore and Cumberland; Roy T. Baseman and Louis F. Eckhart, Peoples Loan Society; R. L. Smith, Reliance Guarantee Company; H. T. Mattingly, Security Guarantee Company; J. Beale Helm and H. C. Moore, Chesapeake Loan Company.

On order of the chair the reports of the officers were dispensed with.

Report of Committees.

Mr. J. J. Wood, chairman of the Membership Committee, reports he has several prospects which he hopes to submit for membership at our April meeting.

Mr. Oliver, who has been assisting the Executive Committee with their investigations relative to the companies who are trading under the pretext of buying salaries, reports that Attorney Bryant has been very active with the matter, and the Banking Department is at present checking up the work of these companies. A detail report will be submitted tn due time.

New Business.

Mr. Lee H. Pumphrey read an interesting paper on "Advertising" as follows:

The word advertising may be explained as a process to obtain publicity. Publicity dispensed with care and precision is the life of any institution. All business depends entirely on its efficient advertising.

To make our advertising not only produce, but increase business we must be prepared to give service as we advertise at all times.

Since the rates of interest charged in our business have become standardized, we cannot compete with each other by advertising (cut rates). This places us in a class almost to ourselves, as nearly every other business can stimulate sales by underselling their competitors. Our rates being the same, our methods of loaning and collecting so nearly alike, that we are confined to advertising almost exclusively our beneficial service.

Companies advertising in the newspapers, by circulars and in other various channels usually attempt through questioning the applicant, to ascertain how much business is secured through each form of advertising to get an idea of which medium gives the best results for the least expense. In this way wasteful and inefficient advertisements are gradually eliminated, and other methods sought to replace them.

Encouraging customers to solicit amongst their friends usually get results. This form of advertising proves to be the least expensive. Most companies pay $1.00 or $2.00 per customer. That fee which is trivial satisfies to such an extent that the customer feels obligated to assist in collection of account if necessary. The popularity of the manager with his customers may be gauged by the volume of referred business in his office.

Advertising by circulars is an inexpensive method. Our business was practically founded on their success. The history of our past business proves what wonderful results were obtained from circulars compared to expensive newspaper ads. Through this same channel it is possible to broadcast a message to convince the public that our business is essential and to-day is being patronized by people of our best communities.

In our business an elaborate and expensive advertising campaign proves fruitless. In the daily papers our ads are confined to a special column not in a conspicuous part of the paper, where we are forbidden to use large heavy type for our headlines. There our ads are not prominent enough for us to believe that they will demand notice and we have very little opportunity to attract the readers' attention. Such applications as are received through this form of advertising are from those readers who seek the advertiser. They are prospective customers who make application to the company whose ad they admire. This business can be attracted by ads of uniform size, by using only space sufficient to call attention to the kind of service rendered, without using unnecessary space to make the ad attractive.

When we realize that our newspaper ads only reach that class of the public intent of borrowing, we shall be conservative in the space used and spend more freely on a campaign for educative purposes. Our antiquated system of advertising seems inadequate to educate. More thought should be given to the personal attention of the individual customer, who may endeavor to convert those prejudiced against our business.

It is the patron who does not seek the advertiser we desire, if not his patronage at least his goodwill. For that purpose we must employ means to educate such people about our rates and the necessity of that rate.

Public opinion must be in our favor. The public should be taught that we charge 3 1-2 per cent a month, because our expenses and losses demand that sum in order that we may make the same margin of profit as would any mercantile house with merchandise equivalent to our cash. We must in order to keep our rates from being reduced, convince the business people that our rate of interest is not excessive, considering the security offered, the risk we are forced to take and the protection we receive.

Quite often the filing of salary assignments, hastily, without first paving the way by informing the employer, either by mail or a personal interview explaining our rights and the cause of us desiring to assert them, antagonizes the employer. This one important method of collecting when properly presented should prove conclusively to the employer, the fairness of our rate and why such a rate is justified. The salary assignment gives us the opportunity to educate the employer, consequently the business in general shall be judged according to the manner in which each individual company approaches him.

LEE H. PUMPHREY.

A lively discussion took place by all managers present upon the subject of advertising. Special stress being laid upon the exorbitant rate we are required to pay for newspaper advertising in Baltimore. It was suggested that the members use less space in the Baltimore papers. The consensus of opinion was that our results would be better providing the members advertised in a group under the association heading in the Baltimore papers. This matter not being acted upon was referred to the Executive Committee to outline a plan, size of the advertisement, costs, etc., to be submitted at our next meeting. Several members called attention to the pleasing results they were receiving from their advertising in the telephone directory. Street distribution finds favor with several members, others claim that the cost is too great and the class of business a street circular brings is not attractive.

Salary assignments were discussed in detail by each manager present. It is pleasing to know that the managers are being successful in collecting their accounts without resorting to this weapon. Few assignments are being filed. Usually an employer will talk with the employee and urge upon him the necessity of paying the account, provided the loan man thoroughly explains the transaction to the employer. Captains of industry are kind, considerate and reasonable with the loan men when a salary assignment is filed in the right manner.

The questions and talk Mr. Moore had prepared for the outside boys furnished much food for thought. The outside man of to-day is hungry for new and better ways to improve his methods of looking up a loan or handling a delinquent, knowing when he proves efficient an executive position is awaiting.

The remainder of the evening was spent in discussing improved methods in taking care of the outside work from an educational point of view.

No further business to be transacted, upon motion by Mr. Pumphrey, seconded by Mr. Wood, the meeting was adjourned until Tuesday evening, April 10th.

This meeting has been the best, from a social and educational point of view, the writer has ever attended in Maryland.

H. C. MOORE, *Secretary.*

CHICAGO TRUST COMPANY PRIZES.

The Chicago Trust Company has just announced a prize competition which is notable in character, and which may be expected to produce important results, in stimulating study and research in the field of business finance. For the best contribution on any subject relating to business development and the modern trust company an award of twenty-five hundred dollars will be made in the year 1925 and every three years thereafter. The competition is open to all interested persons, without restriction. For briefer studies by students of economics, business, finance or law, prizes of three hundred dollars will be given annually, beginning in the summer of 1923.

The members of the Committee of Award, in addition to the undersigned, are Fred I. Kent, vice-president of the Bankers Trust Company, New York City; Ralph Van Vechten, vice-president of the Continental and Commercial National Bank, Chicago; Francis E. Baker, Judge of the United States Circuit Court of Appeals, Chicago; Henry H. Hilton, of Ginn & Company, Chicago, and Harold G. Moulton, director of the Institute of Economics, Washington, D. C. The secretary, to whom all inquiries should be addressed is Professor Leverett S. Lyon, University of Chicago.

A brief examination of some of the subjects suggested by the Committee of Award will serve to indicate the possibilities of this prize competition. Financing Installment Sales, for example, is one of the questions in the list. This harks back to the time a few years ago when only a few merchandising concerns followed the practice of selling goods as was said by their competitors. "For a dollar down and a dollar a month for the rest of your life." A large proportion of automobile sales at present are made on the installment plan. Some banks are known to be organized largely for the financing of automobile purchases. This is characteristic of the change that has come about relative to many other articles and commodities. People are in growing numbers coming to think of their opportunities and obligations not so much in terms of lump sums as of expenditures spread over an extended period. Small dealers ordinarly are not equipped to finance installment sales. Hence special organizations are being formed to provide the required extension of credit. A study of this whole field is much to be desired.

Suggested for study also is the question of relations of trust companies to the reorganization of jeopardized business concerns. During the last twenty-five years, for example railroad corporations, owning about one-half of the total mileage of the United States have been subjected to the process of reorganization or readjustment. Judge Hough of the Southern District of New York has estimated that 50% of the corporations of to-day have gone through some form of reorganization. Trust Companies are coming to play a large part in the business of readjusting corporate financing to the changing cycles of prosperity and depression. They frequently represent the more important groups of investors and aggregations of capital. They possess a large personnel experienced in handling business in trust for others and acquainted with the technical requirements of corporations. A study of the functions performed by them in such activities will surely prove helpful.

Another subject suggested for study is "No-Par-Value-Stock." Already sixteen of the leading states have amended their corporation laws in such a way as to make the use of such stock possible. Its use offers certain advantages in that it does away with the discrepancy between par value and market value, and conveys to the investor definitely the idea that what he acquires is simply a fractional ownership in the holdings of the corporation. The use of this stock is likely to be widespread among public utilities, since in many states they are prohibited from selling their stock at less than par, and frequently the conditions on the money market are such that their stock will not bring par. However, with the use of "No-Par-Value-Stock" this difficulty is solved. A prominent public service corporation in Illinois recently issued a large block of "no-par" stock to met a situation of this kind. But it is to be noticed that the use of no-par stock creates some important and difficult new problems, legal, accounting, and financial, and, therefore, a thorough study of this problem should be particularly valuable at this time.

A fourth subject suggested for study is "Blue Sky" legislation. Most of the states have, in recent years, passed laws of this kind. But there is little uniformity in the laws, and in many cases the powers vested in the Secretary of State, the State Treasurer, or Banking Commissioner, who is entrusted with the enforcement of the law, are wide and might be arbitrarily used. It is an open question, to what extent these laws have protected investors, prevented fraud, and diverted the flow of new capital, or discouraged the undertaking of new enterprises. A careful study and investigation of this whole problem, such as these Prize Awards should stimulate, ought to prove very valuable.

Many other subjects are suggested as constituting promising and fruitful fields for research by competitors for these prizes. Among these may be mentioned the following:

How Fiduciary Services are Performed in Small Towns.

The Reduction of Litigation Relating to Wills.

The Development and Control of Outlying Banks in Large Cities.

Effects of Inheritance and Income Taxes on Family Estates.

Credit as a Means of Reviving Foreign Trade.

The Controversy over Stock Dividends.

All in all, this competition bids fair to attract widespread attention. The Chicago Trust Company is to be congratulated upon its vision in the establishment of these prizes it is to be hoped that its action will lead to the establishment of similar prizes by other leading corporations, for there are to-day many fields of business activity regarding which our information and data are scant and meager. It is the desire and expectation of the donors that the net result will prove to be a real contribution to the literature of economic science and of business.

RALPH E. HEILMAN,
Chairman, Committee of Award.

MEMORIAL DAY.

The scarlet poppy has been adopted by the American Legion for use on Memorial Day in honor of the men who fell in France. It will be worn by all members of the Legion.

The Legion suggests a similar use of the poppy on Memorial Day by all members of the public, and asks that we place this suggestion before the organizations in our membership. With this request we very gladly and sympathetically comply. It is our hope that organizations of business men will promote the wearing of poppies on May 30.

From local posts of the American Legion and from units of the American Legion Auxiliary poppies may be obtained during the week preceding Memorial Day.

Elliot H. Goodwin, *Resident Vice-President.*

FEDERAL EMPLOYEES—GARNISHMENT.

The National Association of Retail Grocers submits for consideration the following:

"*Resolved,* We endorse the principle of 'Garnishment and levy of execution on wages and salary of Civil Employees of the United States,' as contemplated in H. R. Bill No. 8570, presented to the 67th Congress of the United States by Hon. Leonidas C. Dyer."

This is one of the questions to receive consideration at the Eleventh Annual Meeting of the Chamber of Commerce, U. S. A., New York City, May 8, 9, 10.

DEPARTMENT OF COMMERCE, WASHINGTON, D. C.

April 11, 1923.

To the Secretary:

Due to the war and the long continued impossibility on the part of the railways to finance the necessary betterments, both our production capacity and consuming demands have now advanced beyond our transportation facilities. The railway managers under the recent improved conditions are making great effort in finance and expansion of facilities to meet our necessities, but full recovery of lost ground must be slow and, if we are to maintain our present rate of productivity and employment, it is vital that there be coöperation with the railway management from both producing and consuming industries to secure the most efficient operation of the railroads.

The railways have asked for this coöperation, and the trades can make a tremendous contribution to the orderly march of our prosperity if they will undertake it seriously and in an organized fashion.

The principal directions in which such coöperation can be extended by the trades are:

1. The advance storage of their winter coal during the light consuming season—that is, from now until September 1, including the early movement of Lake traffic.

2. The loading of all cars to full capacity, their prompt loading and discharge.

3. Reduction of reconsignment shipments and restrictions of to order bills of lading.

4. Demands for no more cars from the railways than can be promptly used.

If we could secure the maximum efficiency in these directions we will have added more effective commodity movement than would be brought about by the addition of approximately 300,000 cars and 3,000 locomotives, and the addition of at least 10% to our track mileage and terminal facilities.

The importance of this lies in more than simply the maintenance of continuity of production and full supply of consumption, because any strangulation in movement of commodities through car shortages affects the profits of every individual manufacturer by interruption in his production, and furthermore, such strangulation affects price levels in the most definite fashion.

The full and smooth movement of all of the productivity of the country would be the greatest contribution that could be made at the present time in checking inflation or increase in price levels.

Therefore, I earnestly hope that you will undertake to definitely organize your association, to bring about this coöperation through your district or trade, and to establish coöperative contact with the railway executives concerned.

If we could secure unity of action on these questions between the shippers and the railways we would have made a greater contribution to continued prosperity and full employment than any direction I know of.

I would be glad to know your views as to organization that can be effected to this end in order that the Department may act as a clearing house of helpful dissemination of ideas in the matter.

Yours faithfully,
Herbert Hoover.

SUPERVISION AND CONTROL OF THE SMALL LOAN BUSINESS.

By Dr. Louis N. Robinson.

I feel that I have been roped into this investigation on false pretences. Mr. Watts was one of the men who roped me into it. He and his friends took me out and told me about some of the rough and ready loan men, and said, "Now, see here, you ought to look this business over, it needs investigation, a survey of existing conditions, people ought to know what the whole thing is." He didn't take the pains to tell me about any here present; if he had, I am inclined to think I would not have undertaken the task, because when I look at you and see how honest and sincere you are, it seems to me the chances are there is nothing to it. While I am digging into this problem, trying to find some justification for the loan business, you people here are going to justify its existence without me.

I used to read the Bible in the days when it was more or less fashionable, and I recall that passage that refers to the man with his hand to the plough who should not turn back. I am not going to turn back, for a little while anyhow. The survey is going forward as I was reminded by the remarks which one or two of you made to me when you came into this room, over the now famous questionnaire, wondering how on earth it was ever conceived, how difficult it was to fill out, the great number of questions asked and what was the point of it all. Well, just a word on that.

Several of you are helping to gather together, and perhaps to your sorrow, some information concerning the borrower, something that will tell who he is and what he is, and why he has to borrow, and other things that ought to be known. No doubt in every individual transaction you find out these facts when you are making the loan, but you ought to have this information about the whole group of borrowers so you can tell the general public what kind of a business you are doing, and why it is a vitally necessary business.

This phase of the investigation has already been started. I think there are probably 100 to 150, and I would like to have that many more, loan offices that are coöperating with me now in filling out the questionnaires. These went out the first of August, and I am getting returns now every day. The idea is to have the offices fill out these papers every two months for an entire year. We want to get a sample of the year's grist, that will include strikes, vacations, and all the multiplicity of things that affect the borrower. We are making an honest attempt to find out something about the borrower and the problems he has to face, but it will take some months yet before we have what we want in the way of material.

It seemed to me at the beginning that before I could be of any service to anyone, to you or to those whom you serve, that I ought to know something about the business, and I tried to find some account that would tell me about it and what has happened in the last eight or nine years. I have run across all kinds of scattered accounts but none that satisfied me, and so I decided to write one myself. I, at least, will be satisfied, whether you are or not! (*Laughter.*)

I have visited and have written to many of the old loan men, those old "loan sharks" you hear so much about, and I have found out some very interesting facts relating to the early history of the loan business. The story, as a whole, is one of the most inspiring tales of business I have ever run across, and I have taught economics for ten years. Here was a business run for years under cover, the real purpose of it misunderstood, full of evils, partly because it was misunderstood, suddenly brought out into the open and now progressed to the point where such a gathering as this is typical of its professional ethics and public standing. I doubt if any business can boast of a finer history.

I have tried my hand at writing this history. A rough outline is now in the hands of the chairman of a little committee of lenders, that is going over it, and another also in the hands of Mr. Ham. I hope in a few months to get these copies back and revise them on the basis of the criticisms I am sure will be made. I shall need your further help in completing it.

This summer two friends of mine, interested in economics, went to Europe, and I arranged to have them look into the loan business over there and to pick up some material for me. They have now returned, and they tell me the loan business flourishes over there as it does here. They found loan men in every country that they visited. One of these friends is now engaged in writing an account of the loan business in England, with some references to France, Germany and Italy.

In the last three or four weeks I have been visiting the different supervisors in the middle West, in New England and in New Jersey, and I expect ultimately to see them all. I want to learn their attitude, to find out what they think of the loan business, and to get their point of view as officials who are called upon to supervise this business. I have found one very interesting thing: Supervision varies from the most exacting kind in some States to practically nothing in other States where supervision is really only a name.

I would like to say a word now on the work of such an Association as yours. I realize that it may be perhaps in bad taste to talk about an Association to members of it. There is always the possibility one may unconsciously say something that will offend. I recall a story that illustrates this. A man who became disgusted with this life thought he would try another, so he went up to the attic of his home and hanged himself. The wife of an intimate friend of his decided to call on the bereaved widow. Before she left to pay her call of condolence, her husband said to her, "Now, Mary, be careful and don't say anything about her husband's death." So the neighbor went to cheer up the widow, and the two talked of everything under the sun except about the death of the husband. Finally they got to discussing the problem of laundry work, and the widow said, "I always have the greatest trouble in getting my clothes dried, the yard is so small." "Is that so?" said the visitor, "but look what a lovely attic you have for hanging things in!" (*Laughter.*)

I feel that such an Association as this can be of the greatest service to the loan business. There are many reasons why it can, but I shall mention only three. I once asked a man who had been in the loan business years ago about competition in the old days and he said, "Well, we didn't have any competition. As the business was then conducted, there was plenty of it for everyone and we didn't compete to any extent." Now I have studied very carefully the provisions of the Uniform Law, and as I understand it, the thought of those who formulated it was to bring the loan business out in the open by legalizing it, and to fix a rate that would make it possible for loan men to do business, trusting if the rate was too high, that competition would set in and reduce it. Now, I am not a prophet nor the son of a prophet, but sooner or later you are going to have competition. New concerns are now going into the small loan business every day. They may be conducting the business in a different fashion, but their competition is real and it is going to be greater, though I don't want to scare you. The minute you made this business a decent, respectable one, you invited other people to go into it. In the neighboring State of New Jersey there has been a tremendous increase in the volume of business.

Now what can a State Association do under such circumstances? It seems to me its purpose is not to kill competition. That is not what you want to do; it is a thing, I am sure, you will not try to do. What you can do is to see that this competition is carried on on a high plane, and that your competitors and the members of your own organization do not sink to the tooth and claw struggle for existence. It seems to me that you can build up a technique of business and a professional standing, that will prevent the lowering of standards in the loan business when strenuous competition does appear.

The uniform law provides for a State Supervisor of the loan business. In those States where there is little or no supervision lenders say: "We wish we had supervision." Why? It is the thing that helps the good lender; he is not afraid of it; he wants it. It holds up his hands. I can't say that I believe in all of the rules and regulations that I have seen in some States. Such complete regulation, such minute reporting, may constitute something of a check on the business. Initiative and the opportunity to change and to grow ought not to be taken away. Too much regulation and too much red tape may produce a condition of mind resembling that of the Philadelphia policeman. A taxicab driver in Philadelphia had as his fares a woman with a baby. They were held up in a traffic jam and the woman got out and left the baby in the cab. After some little time the taxicab driver stopped and found that he was taking along the baby but no mother or caretaker. He hailed a policeman and said to him, "What am I going to do with this baby?" For a long time the policeman couldn't decide what was to be done under the circumstances. Finally he took out his book of rules and thumbed the pages for a while, and then said, "I have it, it comes under the lost and found column." The driver said, "Well, what does it say?" The policeman, consulting the book again, replied, "You take the baby to the central police station, and if nobody calls for it in twenty-four hours, it is yours." (*Laughter.*)

Now, any kind of regulation which would compel a loan manager to consult his book of rules every time he made a loan would surely be ridiculous. On the other hand, it is just as ridiculous to find as I have found, such loose supervision in a State that from the published report it would appear that the lenders had been allowed to deduct their profits in order to get at their expenses.

I, too, have been a public official. I know what public officials can do if they have a chance, but they seldom have the chance. I don't believe that you are going to get any public official who is going to tell you how to run your business. How could they—put in office one year, and put out the next? They don't know what you know about the business, they don't know the good in it, and they don't know the evil in it. Who is going to tell them? Ultimately I think you will have to do it. I think it is your duty to think out how the State can best serve you and the public and then to ask it to do its duty. The simple truth of the matter is that you can do much to help the State Supervisors collect proper data that would be useful to the State, useful to the public, and useful to the business. Some of their reports are a joke. I don't mind saying that to you, though I wouldn't want to say it to them.

The third reason, and a valuable reason it is, why an Association such as yours should be formed and should go on, strengthening your contacts and working to make the business the finest kind of a business that it is possible to make of it is because the public does not yet understand it.

Mr. Wood and I were just now discussing some problems of the small loan business. Mr. Wood remarked that it ought to be under the supervision of the banking department in every State, as it was a real financial business. There is not a thing that I have found that does not justify this point of view, but what does the public think? The truth is that it doesn't think. It generally acts from impulse, condemning or praising what it does not understand.

I wonder if you ever thought what the economic condition of your clients is. You loan to the great working class of America. What do these people have as security? They have a little furniture and a little jewelry, perhaps furs. They have also their own good name and that of their friends. They have their future wages. Not one of these things can be utilized in obtaining a loan from an ordinary commercial bank. Our banks are for the business men, not for the wage-earning class of our population. And why should it be disreputable to lend to this class of persons? It shouldn't be. The whole thing simmers down to this: that in this country, where there has been such great opportunity in the past for everyone to get on in the world, we as a nation have not considered the necessity of supplying this great class of people with proper credit facilities. They have been supplied, but how? By people who saw an opportunity to make money. These have supplied the working class in spite of the law. Can they be blamed? It is not the gentle types of people who do the pioneer work of the world. It seems to be that if we had had a little public interest in the welfare of the common working man, you men wouldn't now have to justify your position in the business world. But the fact is that it is still necessary to do this, and a State Association can be one of the most valuable agents in this work.

I think it may interest some of you to know that the Russell Sage Foundation is considering taking over this survey. For many reasons it would be a fine thing to have them take it over and to go on with the work because of the fact that if the work is done by such an organization this of itself would give it a standing not to be denied by any who were inclined to doubt the good motives behind anything which the lenders themselves might do. Nevertheless, if the Foundation does not take over the task, those now in charge have decided to go on with it themselves because they believe, as I am sure you believe, that any task or any work which is honestly done, scientifically done, without fear or favor, but entirely in the service of truth, will bear on its face sufficient evidence to convince any one of its reliability. It is only those articles which are half truth and half propaganda, that sooner or later fall into bad repute, and we hope that we can turn out something that will bear on its face the evidence of its reliability.

To-night I have made a report of progress. There are several other phases of this survey which will, if all goes well, be undertaken. Those of you who were at New York at the National Convention, may remember the outlines of the survey that I thought ought to be undertaken. But I will not discuss the subject further to-night, but will tell you more one year from to-day, if this supper doesn't ruin my digestion.

CREDIT UNIONS AND LICENSED INDUSTRIAL LENDERS.

By Reginald Heber Smith.

Each year the necessity for providing legitimate banking facilities for the average man becomes clearer. The increasing number of persons who have given their attention to this economic problem know that the regular commercial banks do not afford, and do not pretend to afford, borrowing facilities to the man who wants a hundred or two hundred dollars and who has no stock to pledge as collateral.

The licensed industrial lenders do make it possible for the average man to borrow when the need or emergency arises.

It is no longer denied by well-informed persons that the licensed industrial lender performs this necessary service and performs it well.

From time to time it is stated that some other type of agency might perform this service better. Three such other agencies have been discussed.

First, it was thought that semi-philanthropic agencies would fill the need. It soon appeared that it was not feasible to secure enough capital because these semi-philanthropic agencies were organized with the understanding that those who invested their money would receive only nominal or limited dividends on their investment. As Walter Hilborn, Esq., has stated, "these semi-philanthropic agencies, while they have rendered an important service, have not been adequate to cover the needs of all small borrowers."

Second, the Morris Plan companies came into prominence. Year by year these companies have tended very largely to drift out of the small loan field into an intermediate field, making loans somewhat larger than "small loans" and yet smaller than the average bank commercial loans. They have performed a service and filled a need but they have not met this particular need; that is, the demand for small loans, which are loans of $300 or less and which average around one hundred dollars.

Most recently, the credit unions have announced themselves as the panacea for this ancient problem. An association that issues propaganda in behalf of credit unions has made wide claims as to their success and it has been difficult to check up and ascertain how far these claims were supported by facts.

The United States Bureau of Labor Statistics in its Bulletin No. 314 gives interesting facts about Credit Unions in America.

It seems reasonably clear that the credit unions may become a useful adjunct to our machinery for providing adequate small loan service but it is equally clear that their field is restricted and that taking the country as a whole they are to-day affording an extremely limited service to necessitous borrowers. It is entirely consistent to wish the credit union movement well and to express the hope that it may develop to its maximum usefulness and at the same time to insist that the credit unions are not now, and probably never will be, a satisfactory or complete substitute for the industrial licensed lender.

The following facts are taken from the United States Bureau of Labor Bulletin above referred to.

Of the forty-eight states in the Union only eleven have enacted legislation authorizing the formation of credit unions. These eleven states are Massachusetts, New York, Texas, New Hampshire, Wisconsin, Rhode Island, Oregon, North Carolina, South Carolina, Utah and Nebraska.

In Wisconsin, South Carolina, Utah and Nebraska, no credit unions have been formed under these statutes.

In Texas two rural credit unions have been formed; one dissolved before doing any business and the other has never done any business.

In Oregon, two credit unions were organized, both in Portland. The first was suspended, before it had operated a month, by the banking department and was later dissolved by the courts. The second has never transacted any business.

In New Hampshire there are two credit unions. One is successful. The second was organized in 1921 and no report of its work was available when the U. S. Bureau of Labor published its Bulletin in November, 1922.

In Rhode Island there are two credit unions and both appear successful.

In Massachusetts, New York, and North Carolina the credit unions movement has obtained more substantial growth. But aside from these three states it would appear that in all the remaining forty-five states there are only *four* legally-authorized active credit unions.

In North Carolina the credit unions are composed almost entirely of farmers. To learn of the credit union as a solution for the problem in industrial communities it is necessary to look at Massachusetts and New York.

It may be only a coincidence but it strikes the mind of any student of small loans conditions that in both these states the licensed lenders are not allowed to charge the scientific rate of interest of 3½% per month provided by the Uniform Small Loans Act. The industrial licensed lender is thus discouraged or prevented from doing business in these states. It is an interesting question what would happen if the licensed lender were permitted to operate under the provisions of the Uniform Small Loans Act so that there would be really free competition. The rate in Massachusetts to-day is 3% and when the proposal has been made to adopt the Uniform Small Loans Act rate of 3½%, the credit unions have been vigorous in their opposition.

Credit unions differ from licensed industrial lenders in three ways: (1) They may receive deposits; (2) they loan only to members, and (3) they may make large as well as small loans.

In 1921 there were 81 credit unions in Massachusetts. Their aggregate capital was $2,133,000 and their deposits were $1,587,000.

During 1921 they loaned $3,003,765 to 12,180 borrowers. The average loan was $272.12. From this fact it is apparent if they make many of the smaller $50, $75, and $100 loans they must also be making loans that are over $300; that is, out of the small loan class altogether. No figures classifying the loans as to size are given in the Bulletin.

What is at once the strength and the limitation of the credit unions is the fact that they lend only to members. In the United States, so far as I can learn, there is only one small credit union that attempts to make loans to the public generally.

A credit union is dependent on a homogeneous membership.

It can operate easily only in a small town or community where people know each other or among the people of one race who know each other or among the employees of one company who know each other. Thus it will be difficult, if not impossible, for the credit union to be developed into a general small loans agency that, like a bank, can serve all the public and not merely its own members.

This requisite that the members should know each other, involves the fact that it should be known when a member borrows, how much he borrows, and why he borrows. These conditions have struck a snag in the American temperament. The American normally considers his borrowing to be purely a private business matter of his own, no one's affair but his own.

As the Bulletin states:

"Loans are made for productive purposes alone and as emergency arises, and never for frivolous or extravagant purposes. Therefore, a borrower must disclose the purpose for which the loan is desired, and this is probably the principal reason why credit unions are not more popular in this country. The average American objects to having others interfere with his private affairs, and if he wants a certain thing he feels capable of deciding for himself whether it is a luxury or a necessity, and he objects to laying his personal matters before intermeddling outsiders in order to borrow a little money. On the other hand, it is essential for the safety of the society that such facts be disclosed, that a severe penalty follow deceptions on the part of the borrower, and that the committee be held to strict accountability for their actions in loaning money contrary to the by-laws."

Finally it appears that both in New York and Massachusetts it has been very difficult to find efficient persons who are willing to serve as officers. This is inevitable in view of the fact that officers are paid little, if anything, for their work.

Inefficiency leads any organization into difficulties and in the case of Great Eastern Credit Union vs. Cooper, the New York Supreme Court, Appellate Division, ruled that the credit union had violated the usury law.

The need for small loans is a public need. The industrial licensed lenders are filling that need wherever the law permits them to operate under suitable conditions. The credit unions within their own sphere are likewise filling a part of that need. Both are attacking the same problem from different, but not inconsistent, points of view. A proper sense of public spirit should bring the two together, to work in harmony against their common enemy, and the public enemy—the high-rate lender, the extortioner, the loan shark.

It is a demonstrated fact that the industrial licensed lenders are ready and willing to coöperate with any proper agency for the solution of this problem. It must be a matter for regret if the credit unions place their personal interest before the public interest, hold themselves aloof, and refuse to join in the campaign to secure adequate small loans facilities —whether through industrial lender, credit union, or other lawful agency— for all people throughout the United States.

INDUSTRIAL LENDERS NEWS

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"N. F." CONVENTION.

The Fifteenth Annual Convention of the National Federation of Remedial Loan Associations will be held at Hotel Martin, Sioux City, Iowa, Thursday, Friday and Saturday, June 7, 8, and 9, 1923. A very interesting program, including the following, has been arranged.

Report of Secretary-Treasurer, J. E. Ryan, Detroit, Mich.; "Progress of the Uniform Law," Walter S. Hilborn, Acting Director, Division of Remedial Loans, Russell Sage Foundation; "A Survey of the Small Loan Business," Progress of this Important Study under the Auspices of the Russell Sage Foundation, Dr. Louis N. Robinson; "The Recurrent Problem of Raising Capital," Ever-Present Question of Financing the Reasonable Growth of a Remedial Loan Society, Albert C. Auger, San Francisco, Cal.; "Good Will in the Small Loan Business," To What Extent Should the Manager Seek to Develop Cordial Relations with the Borrower? A. L. Whitmer, Sioux City, Iowa; "The Loan Association with Religious Affiliations," How Do Such Connections Influence Administrative Policies or Affect Collections? J. R. Ferguson, New York, N. Y.; "Auction Sale of Collateral for Unpaid Loans," Methods of Conducting Public Auction Sales, Disposition of Surplus, Application of Federal and State Tax Requirements, Thomas J. Reid, Boston, Mass.; "Stolen Property," Relations of Pawning Society with the Police Department, Methods of Adjustment with Rightful Owners, Samuel Wolfort, Chicago, Ill.; "Guarding Against Fraud in the Chattel Loan Business," Some of the Devices Adopted by Dishonest Borrowers, and How to Defeat Them, Chas. F. Bigelow, Providence, R. I.; "My Most Interesting Experience in the Small Loan Business," a brief anecdote by each manager present; Meeting of the Executive Committee; Election of Officers, Miscellaneous Business.

The existing officers of the Federation are: Arthur H. Ham, Chairman, New York City; D. S. Coffey, Vice-Chairman, St. Paul, Minn.; John E. Ryan, Secretary-Treasurer, Detroit, Mich.; R. Cornelius Raby, Counsel, New York City.

The previous Conventions of this organization have been held as follows: Buffalo, N. Y., 1909; St. Louis, Mo., 1910; Boston, Mass., 1911; Cleveland, O., 1912; New York, N. Y., 1913; Philadelphia, Pa., 1914; Baltimore, Md., 1915; Detroit, Mich., 1916; Cincinnati, O., 1917; Atlantic City, N. J., 1918; Minneapolis, Minn., 1919; Newark, N. J., 1920; Chicago, Ill., 1921; Washington, D. C., 1922.

The members of the Federation in the order of their organization, are as follows: Collateral Loan Co., Boston, Mass., Workingmen's Loan Assn., Boston, Mass., St. Bartholomew's Loan Association, New York, N. Y., The Provident Loan Society of New York, New York City, Worcester Collateral Loan Assn., Worcester, Mass., Workingmen's Loan Assn., Providence, R. I., First State Pawners' Society, Chicago, Ill., Citizens Mortgage Co., Cincinnati, O., Newark Provident Loan Assn., Newark, N. J., Provident Loan Society of Detroit, Mich., Equitable Loan Assn., Minneapolis, Minn., Welfare Loan Agency, Kansas City, Mo., Provident Loan Society, Seattle, Wash., Provident Loan Co., Portland, Maine, Chattel Loan Society of New York, New York City, Provident Loan Society, St. Paul, Minn., Utica Provident Loan Assn., Utica, N. Y., Provident Loan Assn., Sioux City, Iowa, Indianapolis Public Welfare Loan Assn., Indianapolis, Ind., San Francisco Remedial Loan Assn., San Francisco, Cal., Provident Loan Society, Rochester, N. Y., Onondaga Provident Loan Association, Syracuse, N. Y., Duluth Remedial Loan Assn., Duluth, Minn, Portland Remedial Loan Assn., Portland, Oregon, Provident Loan Society, Dallas, Texas, Lynn Remedial Loan Society, Lynn, Mass., Provident Collateral Loan Co., Dayton, O., Provident Loan Society, Omaha, Neb., Colorado Springs Provident Loan Society, Colorado Springs, Col., Remedial Provident Loan Society of B. C., Ltd., Vancouver, B. C.

INDIANA.

The Eighth Annual Convention of the Indiana Association was held at the Lincoln Hotel, Indianapolis, May 16 and 17. The program for Wednesday, May 16, included: Address of Welcome; Roll Call, Reading of Minutes, Unfinished Business, Committees' Reports, Treasurer's Report, Secretary's Report, Adoption of Uniform Blanks by the Association; "How Can a $100.000.00 Office be established in Fifteen Months?" Clarence E. Clift, Beneficial Loan Society, Indianapolis; "Is Getting the Wife's Signature at Home a Good Policy on New Loans?" Sydney F. Smith, American Loan Company, Evansville; "Possibilities of Group Advertising." George W. Farrington, Commonwealth Loan Co., Indianapolis; "Advertising."

On the evening of May 16 a banquet was held, followed by a dance and other entertainment.

On Thursday, May 17, H. E. Arnett, Legal Loan Company, Marion, read a paper on "New Types of Competition," and Aruthur R. Dana, Chicago, told about Dr. Louis N. Robinson's Investigation of the Small Loan Business. Maurice S. Kent, of the Security Mortgage Loan Company, Indianapolis, discussed the mighty interesting subject, "How to Decrease Your Losses on Account of Skips." Then Elmer Johnson, Clerk of the Credit & Loan Department, Bank Commissioner's Office, Indianapolis, gave his view of "What Number of Days Constitutes a Month?"

Some of the subjects taken up in general discussion include the following: "Can an attorney collect his fee for collecting an account from the borrower without obtaining a foreclosure judgment? Is it advisable to loan a wife without the husband's signature? Some plan where all companies figure interest the same. Elevating the business. Enlightening the public that the loan business is a commercial institution operating at a nominal profit. How long should a loan be permitted to run before requiring principle payment? The advantage of belonging to the State and American Association. Will a small ad bring the same results as large ads if all are uniform? How to close a loan? Would it be better for the loan business to limit loans to $200 00? Bankruptcy."

The Committees which handled the Convention were as follows: Ladies Reception Committee: Mrs. J. H. Aufderheide, Mrs. W. G. Chandler, Mrs. George C. Grinsteiner. Reception Committee: Fred J. Schurmann, Lee L. Bishop, William R. Hancock. Publicity Committee: Austin C. Broughman, George W. Farrington, Clarence E. Clift, Maurice S. Kent.

LEGAL SURVEY.

Dr. Louis N. Robinson, who is making the Survey of the Small Loan Business for the Russell Sage Foundation, has informed us that arrangements have just been made for the legal part of this Survey. Mr. Walter S. Hilborn has agreed to undertake the study of the chattel and salary loan businesses. Mr. Frank R. Hubachek will collaborate with him in preparing the final report. The two attorneys of the Provident Loan Society of New York, Mr. Raby and Mr. Reif, will make the legal survey of pawnbroking. The Provident Loan Society of New York, it will be recalled, is the concern with which Mr. Aruthur H. Ham is connected. All of these men are well known to lenders. Their high professional standing and familiarity with the work constitute an excellent guarantee of the quality of the work. When completed, the whole Survey will be a mine of information to the lenders and ought to do much to give the small loan business a firm standing in the financial world.

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NATIONAL OFFICERS, 1922-1923

Chairman, R. M. Rutherford, 175 Fifth Ave., New York.
Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Conn.—A. K. Dolliver, Liberty Bldg., New Haven.
Ga.—A. B. Madison, 103 Central Bldg., Atlanta.
Ill.—L. C. Harbison, 81 E. Madison St., Chicago.
Ind.—W. R. Teel, 602 City Trust Bldg., Indianapolis.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—H. H. Larsen, 404 W. Baltimore St., Baltimore.
Mass.—W. E. Pool, 63 Court St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—T. L. Gifford, Nicholas Bldg., Toledo.
Pa.—A. V. Hart, 714 Denckla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, J. S. Edge, 201 N. 1st St., Richmond, Va.
Finance, W. P. Woll, 337 W. Madison St., Chicago.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, G. Hodson, 135 Broadway, New York
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—B. L. Lassiter, 215 Atlanta National Bank Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

MARYLAND.

In the Board Room of the M & M Building, on the 8th at 8 o'clock, Chairman C. A. Gardner promptly called the May business and educational meeting to order.

Among those present, were, J. Edward Richardson, and C. A. Gardner, United Finance and Security Corp.; J. E. Turner and Herman Lappe, Community Finance Service, Inc.; H. C. Moore, G. W. Stancill, and Wm. J. Delcher, Jr., Peoples Finance Service Co., successors to Chesapeake Loan Co.; F. W. Ferry, C. S. Thompson and Wm. M. Keller, Beneficial Loan Society; Lewis F. Eckhart, L. F. Brust and Roy T. Baseman, Peoples Loan Society; W. F. Oliver, Jr., F. M. Ebert and C. R. Hathaway, Household Finance Service Co., successors to Household Loan Co.; E. E. Hougham, Coöperative Loan & Investment Co.; H. T. Mattingly, Reliance Guarantee Co.; Lee H. Pumphrey, Commercial Guarantee Co.; Thos. B. O'Connell, R. A. Long, Surety Guarantee Co.; V. D. Moss and A. L. Wick, Philadelphia, Pa., and Dr. L. A. Robinson, Swarthmore, Penna., being our only visitors.

E. S. Armstrong, Industrial Loan Society, successors to Nat'l Equitable Investment Co., and J. D. Goldrick, Union Loan Co.; R. L. Smith, Reliance Guarantee Co., and C. Harry King, Mrs. M. A. Stevenson of Clarke & Co., were reported absent.

W. F. Oliver, Jr., of the Membership Committee submitted the Standard Finance Co., 110 Equitable Building, Baltimore, Md., for membership. This being seconded by Mr. E. E. Hougham and unanimously carried, the Secretary was ordered to secure the dues from this company and present them with a Membership Certificate, copy of the by-laws and any literature that we have that may be of material help to them.

Before writing the minutes of this meeting, the Secretary transacted this business, securing the check for $20 covering dues for a period of one year from the Standard Finance Co., as stated.

Dr. L. A. Robinson who is making a survey of the small loan business being called upon by Chairman C. A. Gardner, gave the members a most interesting talk on money lending conditions covering many sections of our country. He also impressed on the members minds that they must coöperate most closely with the Banking Department in order to help police the business. At present over 200 offices are coöperating with him in taking questionnaires of loans. It was received with considerable surprise when Dr. Robinson informed us that there was no fixed rate of interest covering loans in England, no usury laws. Dr. Robinson spoke about the inefficiency of any one attempting to enter the small loan business without having a little education on the matter, for instance, he recited a condition in a Middle Western State where one lender made a $70,000 loan to a manufacturing concern at 3% per month. The manufacturer through some unforseen means of financing had been able to return all of the money but $3000 to date. The consensus of opinion among the far sighted licensees in that particular state was that it was not healthy business to loan over $300 to any one individual. At present he understands that they are few brokers who are making loans over and above $300 at this rate of interest.

He also informed the members that he received a very pleasing report from the Banking Commissioner as to how we are conducting our business. It is evident the Maryland Asso. is mentally awake every minute in coöperating with the Banking Department, in helping to police the business in order to keep the small loan business on the high plane that it belongs.

Lewis F. Eckhart, of the Peoples Loan Society, in all of his magnanimity of mind delivered to us a wonderful message in his paper as follows:

"How I Feel We are Going to Benefit by a Central Exchange Bureau."

The goodness of any exchange bureau can be approached from many angles. I will attempt only to touch on some of the high spots, namely lessening our risks, and improving our accounts from the point of decreasing slows, and looking toward the perpetuation of the industrial loan business.

Through the operation of an exchange bureau, where all or a large majority of the licensees in any one town are members, enables the manager of an office to be decidedly more sure of the business put on from day to day in that it is done with the positive knowledge that no additional loans are being carried by the borrower. When this is the case it enables the office to render a better service to the borrower in that other obligations such as store accounts, doctor bills and so forth in many cases can be centralized by a loan of a sufficient amount being made to pay off such obligations.

It is a known fact that many of us must be "saved from ourselves." It therefore follows that if the average borrower with whom we come in contact is allowed to continue to have at his disposal the avenue through which a number of loans can be secured that in a great number of cases borrowers will take advantage of this, and obligate themselves for a number of loans and where the total amount is wholly out of proportion to their income. And as all of us know it is merely a matter of a few months before such a man meets financial disaster. Had it been impossible, and such would be the case with a properly conducted exchange bureau, for such a borrower to obtain this multitude of loans, then such a man would continue to be a desirable credit risk and would have continued as a profitable borrower to some one licensee instead of a loss to a number of them.

When a loan is made with the positive knowledge that there are no other outstanding one, after the transaction is closed such a loan is conducive to a serenity of temper and a pleasant disposition. The contrary is the case when loans are made where there is a doubt in the mind of the lender as to the obligations of such a borrower to other offices.

From the standpoint of perpetuating the business and building up good will in the community, it can be seen that the many methods and devices used in collecting hard and undesirable accounts made so by a borrower attempting to carry several loans at the same time, when the total indebtednes is out of proportion to income reacts against creditors separate and apart from the monetary loss when the critical public sees only the side of the borrower. The public believes that the borrower is paying interest at the rate of 3½% a month on the total of the loans he may have. The public does not realize that in a great majority of such cases that no interest is being paid and no principal is being returned to the lender. In my opinion from the angle of taking away from the public and those who mold the opinion of the man you meet in the street, this weapon with which they are ever ready to flay the loan man claiming it is the borrower who is being down-trodden without any thought of the loss the loan man must take.

Another class familiar to all of us is the man who can pay but will not do so without considerable trouble and expense to the office, if he pays at all. For the reason that he knows he can go elsewhere and borrow money in an emergency, he therefore has no regard for his credit with the office with which he is dealing. If this avenue was closed, and undoubtedly many of us have slow paying accounts now of this variety, they would take care of their obligations with a reasonable degree of promptness if upon making application to another office they found it would be impossible to secure other loans unless the one was paid off either by the borrower himself or out of the proceeds of the loan he is seeking.

The doubling up evil in Baltimore is a grave one. This is known to all of us We have it within our power to alleviate this condition entirely. A central exchange bureau undoubtedly will make history of this unhealthy condition, if we will but look to the future of the business. In conducting our offices it is our desire to do so with a minimum of expense. If our several investments can be bettered this means that risks we assume in making loans will be lessened. When we lessen the risk we reduce the expense in handling the business in any one office.

All of us maintain a collection department and the expense incident thereto is heavy and eats into the profits to an extent that is sometimes alarming. An exchange bureau undoubtedly will lessen this collection expense for the reason that we will have fewer "Slows."

All of us have made loans when we felt there was a question about the risk being too great particularly as to the indebtedness of such borrowers with other offices. If we could by the simple operation of submitting such names to a central exchange bureau ascertaining whether or not such borrowers were indebted to other offices, it can be seen that there would be no question in the minds of the men as to the risks attached to such loans, and in addition know that not a single one of our accounts could go to other offices and "load up."

This paper being written upon one of the foremost problems of our business of to-day, the Chairman ordered the Secretary to spread it upon the minutes of this meeting.

Chairman Gardner laid special stress upon the value and real necessity of the Baltimore members having an exchange with a central bureau.

The Union Credit Reporting Co. affiliated with the Merchants bureau of the M & M Asso. has agreed to run the exchange for our association for a period of one year for $2000. The Exchange Committee have decided, provided at least 12 offices will join. The charge will be $2.00 per 1000 based on the average loan balance for the past 6 months covering each office. This plan being looked upon with favor by a majority of the members. Mr. Moss offered a motion that a committee be chosen to draw up the rules and by-laws covering the exchange and have authority to act for the entire body by signing a contract with the Union Credit Reporting Co. commencing the exchange at an early date. This motion being seconded by Mr. Wick, and carried by every man on the floor the Chairman named the following Committee, to immediately get action on this important matter. Messrs. Hougham, Mattingly, Oliver and Gardner.

Owing to the lateness of the hour and there appearing no further business to transact, on motion of Mr. Mattingly, seconded by Mr. Pumphrey the members adjourned. In closing the minutes for this meeting, your Chairman wishes to impress it upon your minds that the association at our monthly meetings is called to order promptly at 8 o'clock.

H. C. Moore,
Secretary.

WHY LOUISVILLE'S LOCATION GUARANTEES A MAXIMUM CONVENTION ATTENDANCE.

Here is the reason:—

If eight men started from their respective homes in New Orleans, Dallas, Omaha, Minneapolis, Toronto, New York City, Charlestown and Jacksonville, and traveled by the shortest and quickest routes until they met, they would shake hands three yards north of the Custom House on Fourth Street, Louisville, Ky., near a fire plug and a few feet from the Seelbach Hotel, the Headquarters of the next National Convention of the American Industrial Lenders Association.

ILLINOIS.

The regular quarterly meeting of the Illinois Industrial Lenders Association, was held at the Morrison Hotel, on the afternoon and evening of April 27, 1923.

The afternoon session was called to order by Chairman Woll about 4 o'clock, there being about thirty members present.

Roll Call was dispensed with and minutes of the last previous meeting were approved as published.

Under call for report by Committee Chairman, Treasurer Lynch gave a detailed itemization of the Association expenses from January 1, 1922 to date, which shows a balance of $1,600.00 with some heavy expenses to be incurred during the next several months and very little money due the Association from its members until July 1924, as a great many of the 1923 dues have been paid in advance, in compliance with a recent request of the Executive Committee.

The Grievance Committee reported on their meeting with Mr. Blazer and Mr. Miller, representing Mr. Blumberg of Terre Haute, Indiana, and the matter seems to have been settled very satisfactorily.

Membership Committee reported the resignation of Mr. Philip L. Blazer, of Lincoln, Ill., on account of his having sold his business, and the taking on of a new member, Mr. C. J. Schroder of the Illinois Loan Company, Rock Island.

The members of the Legislative Committee made a very interesting report which leaves no doubt of the great activity and tireless efforts this Committee is putting forth in behalf of the Licensees of this State.

To assist Attorney Napier in his ever-increasing activities in our behalf in connection with business and social organizations, legislative and remedial bodies, it was thought best after considerable discussion and was unanimously carried by proper motion, that the Association supply him with stationery for correpondence, an index system and a library cabinet to build up a reference library consisting of all the literature obtainable which is relevant to the Industrial Loan business.

The matter of buying salaries, which promises to become quite an Institution all over the country, was discussed and the general opinion is that the various offices are being opened by the same firm which is a Southern concern. Any information in relation to this new business should be communicated to either Attorney Napier or Mr. Turgrimson.

Mr. Robinson of Galesburg, was at the meeting and took up with Attorney Napier, in open meeting, the matter of notes being endorsed for borrowers at the Bank by non-licensees.

After some further general discussion, the meeting was adjourned until after dinner which was served in the Rose Room and the evening session was opened by a talk from Mr. Napier regarding the membership drive of the Chicago Association of Commerce. Every one was urged to speak well for that organization and refer any potential members to membership workers on the drive which is being conducted this week.

Mr. Rolfes of the Commercial Guaranty made a brief talk on advertising which opened a very interesting discussion lasting until adjournment at 9:30.

There were sixty-seven present at the evening session.

L. T. Baker,
Secretary.

IOWA.

At a recent meeting of the Iowa Association in Des Moines, the following persons were elected officers for the ensuing year: T. J. Harrison, Waterloo, President; M. J. Collins, Fort Madison, Vice-President; Charles Dehnert, Des Moines, Secretary; and William De Beaulieu, Des Moines, Treasurer.

OFFICE OF THE ATTORNEY GENERAL.

Harrisburg, Pa., May 4, 1923.

Mr. G. H. Orth,
Chief, Bureau of Private Banks,
Banking Department,
Harrisburg, Pa.

Sir:

This Department has your request for an opinion as to whether or not the Financial Assistance Union, Incorporated, of Pittsburgh, is such a corporation as would come within the provisions of the Act of 1907, P. L. 446, or the Act of 1921, P. L. 374, or either of them.

I have considered the purchase agreement which the Financial Assistance Union has submitted to you, together with the statement of conditions which they propose to impose upon the purchasers of their "One Thousand Dollar Gold Debenture Bond." These papers show that the Company proposes to issue a One Thousand Dollar Gold Debenture Bond, for which the purchaser agrees to pay $910.00 in weekly payments. The agreement to purchase does not contain the conditions under which the purchase is to be completed. The bonds are not sold for the purpose of financing any person or corporation engaged in a manufacturing, mercantile or other business dealing in tangible assets.

I am satisfied that the Financial Assistance Union comes within the corporations intended to be licensed under the Act of 1907. The Section of this Act applying to this corporation is as follows:

"That any and every **** investment company, loan company, **** security company, or any other similiar company, **** organized under the laws of any other State **** who shall engage within this Commonwealth, either directly or indirectly, in the negotiation, offering for sale, or sale of any bond or bonds, debentures, certificate or certificates, scrip, mortgage or mortgages; or of receiving single payments, regular installment payments, or contributions to be held or used in accordance with any plan of accumulation or investment; or corporations or associations who assume the payment of fixed obligations, and issue in connection therewith a contract based upon payments being made upon installments or single payment plan, under which all or any part of the total amount received is to be prepaid at some future time upon contract issued, either with or without profit, shall be deemed a foreign corporation, under the meaning of this act: ****."

Act of 1907, P. L. 446, Sec. 1.

The Act thereupon proceeds to require that all such corporations shall be licensed, with which procedure you are entirely familiar.

To sum up, therefore, I am of the opinion that the Financial Assistance Union, Incorporated, may not lawfully carry on a business such as it proposes without being licensed by your Department under the aforesaid Act of 1907, P.L. 446.

Yours very truly,
(Signed) STERLING G. MCNEES,
Special Deputy Attorney General.

EDUCATIONAL ADVERTISING SAMPLES.

WHY——
THE SMALL-LOAN BUSINESS?
What is the Rate Allowed?

The scientific or fair rate allowed under the Uniform Small-Loan Law, on small loans is 3½% per month on the unpaid balance.

In the instance of a $100 loan, the borrower receives $100. He pays no fees, no commissions nor are there any deductions made. Such a loan costs as follows:

$100 for one month		Interest $3.50
88 " " "	$12 paid on principal	" 3.08
80 " " "	8 " " "	" 2.80
72 " " "	8 " " "	" 2.52
64 " " "	8 " " "	" 2.24
56 " " "	8 " " "	" 1.96
48 " " "	8 " " "	" 1.68
40 " " "	8 " " "	" 1.40
32 " " "	8 " " "	" 1.12
24 " " "	8 " " "	" .84
16 " " "	8 " " "	" .56
8 " " "	8 " " "	" .28

Total cost of $100 loan for 12 months $21.98
Total cost of loan if paid within thirty days .... $ 3.50

This rate is fair to the borrower. It assures him the highest type of service and careful, courteous supervision of all financial transactions. It provides for his needs, provides state supervision and renders a needed service on a protected and business basis.

This rate is fair to the lender. It affords him an adequate return for his capital invested. It gives him ample reward for the risk involved. It renders sufficient return to cover the heavy overhead, due to investigation, organization and administration. It returns a fair and reasonable margin of profit.

This rate is fair to both borrower and lender. It eliminates all fees, fines and charges. It puts the loaning business on a stable legalized basis and under State supervision.

When Judge Landis was on the U. S. bench in Chicago, he gave the following opinion:

"Of course this 3½% seems a tremendous rate of interest for money, but we are dealing with a very practical question. The loans are small in amount and extend for a short period of time in view of which it is my judgment that a 3½% per month rate is a just one."

To them do not analyze the small-loan business, 3½% per month may sound usurious. But we must remember that we are confronted with a condition, not a theory. Loaning on wages is a precarious occupation and high rates of interest are necessary.

Further information on the small-loan business will be published in this space next Sunday.

Provident Loan Association, Sioux City, Iowa Building, Leslie Whitmer, President.

WHY——
THE SMALL-LOAN BUSINESS?
The Mission of the Money Lender.

Let the people who have cast reflections on the loan business follow us one day and they will be surprised when they see the tragedies that have been averted by the loan association.

The first stop is a small house on the outskirts. The man has just returned to work after several months of unemployment. He owes back rent. The landlord has served notice to vacate. There is no money to pay the rent he owes and not any to pay down on another house. One hundred dollars retains the house and prevents his furniture from being thrown into the street. He is enabled to work more efficiently because his mind is relieved of financial troubles.

Next door the wife is seriously ill. Money is needed before she can get proper medical attention.

Then we drive to a better neighborhood. This man wants to lay in his winter's coal, by paying cash, gives more business to the coal man, who always needs more money in the summer.

The next place is a man with a large family, barred from flats on account of children, is compelled to buy a small home, but needs another hundred dollars to complete the first payment.

Next is a widow who is paying for her home by keeping roomers. Her roomers are out of work and can't pay, her payments on the home are in arrears, she has to pay up at once or lose her home.

Next is a small business man who borrowed money several years ago to go into business, bought heavily, and needs money immediately to tide him over and keep his credit good.

These cases and many others are only proof that the loan Associations extend credit to people when they need it most and by so doing have kept many a home fire burning and inmates contented.

The legalized, sound, square-dealing, loan association has not only kept the industrial workers pacified while business and national conditions were being adjusted but it has helped to stimulate business just enough to make the readjustment plans carry with the smallest amount of trouble and suffering. It has kept a certain amount of money in circulation that is beneficial to all kinds of business.

Further information on the small-loan business will be published in this space next Saturday.

Provident Loan Association, Sioux City, Iowa Building, Leslie Whitmer, President, Member of the National Federation of Remedial Loan Associations.

WHY——
THE SMALL-LOAN BUSINESS?
Here In Sioux City.

The Provident Loan Association, located in the Iowa Building, was incorporated in 1912. It has an authorized capital of $200,000.00. This Association made 2,397 separate loans during the year 1922 aggregating an amount in excess of $250,000.00. The size of these loans ranged from $10 to $300. The state law forbids a larger loan than $300. Sixty-four per cent. of the total loans made by the Provident last year were in amounts of $26 to $150. This company makes no charge for revenue stamps and collects no filing or recording fees. All loans of over $200 are made at 3% per month, thus saving the borrowers several thousand dollars.

On loans of less than $200, the Provident charges 3½% interest per month, but only on the unpaid balance; no compounding.

Without full knowledge of the business, its risk and expense, 3½% interest per month may sound excessive. Especially if a thousand dollars were loaned on good security at 42% we would think it rank extortion. But if we judge fairly, it is shown that a thousand dollars loaned at 3½% interest per month to twenty different individuals located in various parts of the city would not result in a "shylock" transaction from which enormous profits were made.

Actual experience shows that out of twenty loans of $50 each, $30 would never be repaid. The expense of investigating, collecting and administration prevent any profit to be made on the smaller loans even at the monthly rate of 3½%.

Last year the Provident made 1,000 loans of amounts of less than $50, which did not pay their cost per loan. Despite this fact, the Provident did not refuse an application that was imperative, for amounts of $10 to $50.

The profits, or dividends of the Provident are limited to 8 per cent. on common stock and 7 per cent. on preferred stock. In some years the dividends have not been earned. It is only on the larger loans that profits are made and dividends paid.

The Provident Loan Association is owned by Sioux City business men. It conducts its business on a legitimate basis under the supervision of the Iowa State Banking Department and under the provisions of the Iowa Loan Law.

The Provident has saved thousands of dollars to small borrowers. Its business is a necessity. It has a certain defined mission to fulfiill and a certain worthy constituency to serve. That it is growing is but evidence of its need in this community.

Further information on the small-loan business will be published in this space next Saturday.

Provident Loan Association, Sioux City, Iowa Building. Leslie Whitmer, President.

WHY——
THE SMALL-LOAN BUSINESS?
Is the Rate Too High?

The oft repeated question is, "Why should small loans bear a rate of interest so much higher than that at which larger loans are customarily made" There are several valid reasons.

First—The risk on these loans is relatively greater. The duration of the loan is larger than the ordinary bank loan. The security is of a character not usually acceptable to commercial banks.

Second—Operating expense is high because the amount of each loan is small. It must be collected in monthly installments. Investigation of the reliability of borrowers must be made with greater care than in the case of bank loans.

Third—The lending capacity of a small-loan association is limited to its cash capital on which it must pay dividends. The lending capacity of a bank includes not only its capital, but the deposits of its customers on which it does not pay dividends. Consequently an interest charge of 6 per cent. on all loans made by the bank will produce a profit much larger than 6 per cent. would produce on its capital alone.

These facts show why small-loan agencies, in order to remain in business, must charge rates that will yield enough to meet inevitable losses and relatively high operating expenses as well as a fair return on invested capital.

It follows that it is essential to the life of the small-loan business that a much higher rate of interest be permitted for small loans than is prescribed for bank loans.

The small-loan business deals with a distinct kind of enterprise which requires special treatment.

Why 3½% a month instead of any other charge? The answer is not so simple, but it is satisfactory. We are seeking a rate which will interest legitimate capital to satisfy the small-loan requirements and small-loan service. It has not yet been demonstrated that commercial capital will enter the small-loan field if a lower rate is authorized.

We know that wherever the Uniform Law has been enacted the small-loan needs of the State have been more adequately met and the business placed upon a dignified plane. We know that in some States when less than 3½% is authorized, the small-loan need is not adequately met and service to the small borrower is not rendered.

Further information on the small-loan business will be published in this space next Sunday.

Provident Loan Association, Sioux City, Iowa Building, Leslie Whitmer, President, Member of the National Federation of Remedial Loan Associations.

These ads were run in Sioux City, Iowa, newspapers and occupied ten inches double column space. According to Mr. Whitmer the results have been very satisfactory.

NEW JERSEY.

This is Secretary Alberse's account of the annual meeting of the New Jersey Association held in Trenton, March 15th.

The following officers and memberships were represented at the meeting:—

State Chairman, S. H. Vogel; Treasurer, J. V. Long; Secretary, P. L. Alberse; Peoples Loan Co., J. C. Standard Loan Co., J. C. Peoples Finance Co., J. C. Peoples Finance Co., Newark; W. A. Dunn Co., Paterson; Protective Investment Co., Paterson; Trenton L. & R. Co., Trenton; Liberty Finance Co., Hoboken; Equitable Industrial Loan Soc., Newark; Community Finance Service, Newark; Community Finance Service, J. C., Community Finance Service, Camden; Beneficial Loan Soc., Newark; Beneficial Loan Soc., J. C., Beneficial Loan Soc., Elizabeth; Beneficial Loan Soc., Trentton; Max Knobloch Loan Co., Newark; United Finance & Security Co., J. C., American Loan Co., Newark., North Hudson Loan Co., W. Hoboken; Remedial Loan Co., Paterson; Gibraltar Loan Soc., Newark; Community Finance Service, Atlantic City; American Finance Co., Perth Amboy; Bergen County Loan Assn., Hackensack; American Equity Corp. Trenton; Beneficial Loan Soc., Camden; Past State Chairman Whitstone, Mr. Moore and John F. Scheffenig.

The meeting was called to order at 10:30 A. M. The delegates were welcomed by the Hon. Frederick C. Breidenbach, Mayor of the city of Newark.

During the morning session reports of officers were received and adopted.

Treasurer Long announced that there was a balance of approximately $900.00 on hand to date.

The following committee reports were read:—Legislative, Mr. Moore; Executive, A. J. Simonson; Entertainment, Mr. Irish; Publicity and Membership Committee reports laid over until the afternoon session. A number of valuable papers were read.

Convention luncheon was served at 12 o'clock.

During the afternoon session Mr. F. B. Cutter gave an illustrated lecture on "What Protects Your Securities." Mr. C. H. Chaney gave a demonstration on "standard partition equipment for loan offices."

Nominating committee being prepared to make their report, did so. The following were then elected members of the Executive Committee:—S. H. Vogel; P. L. Alberse; J. V. Long; C. H. Watts; J. W. Whitstone; F. X. Meegan, A. C. Christensen, Mr. Young, and A. J. Simonson.

Mr. Nelson Matthews of Elizabeth, read a paper entitled "Why Note Loans are Unfavorable." Paper entitled "The Success of an Exchange in our City," prepared by Mr. Baim was read by Mr. Markheim. Francis X. Meegan read a paper entitled "Why the Uniform Rate on Small Loans is Most Favorable;" Mr. Wells of the Legal Reform Bureau was introduced and gave an interesting discussion on the work of the bureau and some experience on the work of the same. Secretary Alberse read a paper on "The Purpose of Small Loan Legislation" after which a general discussion took place regarding the taking of endorsements on notes etc. The Executive Committee was authorized to look into the practice of some lenders conniving with straw endorsers who permit a charge for the endorsement on notes, and the Executive Committee was authorized to obtain evidence of such violations and lay the facts before the state banking department.

A resolution was introduced requiring a full investigation of candidates to membership before same are admitted as members of the association.

The newly elected Executive Committee asked permission to retire and Mr. East was called to preside during the absence of the chairman.

A committee of three was appointed to draft suitable resolutions on the loss of the association as sustained through the death of the late Commissioner of Banking and Insurance, Mr. Tuttle.

At this point the Executive Committee returned and announced that they had elected the officers and committee heads and were prepared to make their report. Mr. East called for the report which was as follows:—State Chairman, S. H. Vogel; Vice-Chairman, F. X. Meegan; Secretary, P. L. Alberse; Treasurer, J. V. Long; Chairman, Legislative Committee, C. H. Watts; Chairman, Publicity Committee, A. C. Christensen; Chairman Membership Committee, Mr. Young; Chairman Executive Committee, A. J. Simonson; Chairman, Entertainment Committee, J. W. Whitstone. At this point Mr. East relinquished the chair to Mr. Vogel the newly elected state chairman.

Mr. Young the newly elected chairman of the membership committee stated that it was his plan to appoint a member of this committee in every state where the association has members, and that he desired the coöperation of all.

The following days were designated as days on which loan offices in this state should remain closed:—New Year's day, Washington's birthday, Decoration Day, July Fourth, Labor Day, Armistice Day, Thanksgiving Day and Christmas. Individual members can use their own discretion in selecting any additional holidays they may desire.

Upon motion Trenton was selected as the next meeting place and the third week in May as to the time.

In the evening a banquet was held in the McCarter balcony of the Robert Treat hotel. Mr. Whitstone acted as toastmaster. Addresses were made by Dr. Genther, Mr. Moore, Chairman Vogel, Col. Hodson and others.

THE SMALL LOANS ACT.

With the Governor's signature the Andrews bill "to regulate the business of making small loans" will become a Rhode Island law. Measures of the same intent, substantially in the same terms, after a model act drafted by the Legal Reform Bureau and The Russell Sage Foundation, are on the statute books of a score of States; in time, no doubt, the protective legislation will be adopted by every State that knows the loan-shark evil.

In the General Assembly the bill so manifestly important in the public interests, was enacted with unanimity. Its merits were so plain that there was no provocative to partisan differences; the House having taken action, on Thursday the Senate released itself from its entangled procedure in order promptly to concur.

Seekers of small loans—described as "money, credit, goods or things in the amount or to the value of three hundred dollars or less"—will hereafter deal with persons, co-partnerships or corporations whose integrity and fairness are guaranteed, so far as can be, by a State license. The operations will be under the supervision of the Bank Commissioner, precisely as those of other banking institutions have long been. The licensee, moreover, will be bonded for the proper conduct of his business. The Commissioner or his agent may at any time make an examination to ascertain if the business is being conducted according to the stipulations of the law; and they are rigid, though not intended to be burdensome to square-dealing and capable small bankers.

Small bankers who pursue their occupations as conscientiously as large ones do will find nothing in the regulatory law to complain about. They will be benefited indeed as borrowers will be, for the loan shark may now be eliminated as a competitor before he can do much harm—licenses may be revoked at any time that the Bank Commissioner finds that the law is not being complied with. It is a first-rate law and should be welcomed by the great number of persons continually needing accommodation who are unable to furnish collateral of the kind that the large banks require.—*Providence Journal. R. I.*

April 14, 1923.

PAWNBROKER IS LIABLE FOR HIS CLIENT'S GOODS.

Important Decision Recalls Hold-up of Sixth Street Shop.

Superior Judge Robert Marx, Friday, ruled that Samuel Savin, whose pawnshop at 36 East Sixth street was held up and robbed of $75,000 in money and jewelry on March 23, 1922, is liable for the property of his customers stolen from the store.

The suit of Joseph S. Butler, one of a number filed since the burglary, was decided, and Savin was ordered to pay Butler $236.37. Butler alleged that on April 30, 1921, he pawned a diamond ring valued at $350 for $100, and on June 21. 1921, he pawned an opal ring valued at $30 for $5. After the burglary he presented his receipts and was told that the rings had been stolen, and that the receipts specified that Savin was not responsible for property that was stolen or destroyed by fire.

Judge Marx ruled that pawnshops came under the uniform warehouseman's law, and that the statement printed on the pawn receipts is not binding. He held that a pawnbroker must exercise reasonable precautions against fire and theft, and said that the fact that Savin's safe was standing open constituted negligence on his part, and was an invitation to burglars.

Butler was represented by Attorneys Hosea, King and Thares. Savin was represented by Attorney Jacob Hermann.—*Cincinnati Times Star.*

April 13, 1923.

VIRGINIA.

The quarterly meeting of the Virginia Industrial Lenders Association was held at the Old Colony Club, Southland Hotel, Norfolk, Virginia, April 12, 1923.

In the absence of the Chairman, the Business Meeting was called to order at 3 P. M. by Vice Chairman Thompson.

UNFINISHED BUSINESS, COMMITTEE REPORTS.

Treasurer Cross reported a balance of $269.69 in the Treasury, and two bills to be paid. On motion of Mr. Seay, seconded by Mr. Bradshaw, the report was approved.

Secretary Bray reported that there were twenty-six (26) Licensees in the State, but only fifteen (15) are members of the Association, and only eleven (11) of these are in good standing, with dues paid to date. On motion of Mr. Cross, seconded by Mr. Seay, the report was approved.

Chairman Bradshaw reported that he had made arrangements to have the three daily papers to report on our meeting, and he had made arrangements with other members of the committee to have a write-up on our meeting in all cities where members of the Association are operating.

NEW BUSINESS.

Considerable discussion was given to try and get every licensee to become a member of our association. We had with us, Mr. Rutherford of New York, our National Chairman, and he was given a hearty welcome by all present.

Mr. Edge reported that Mr. Burnly, Assistant State Bank Examiner, had spoken of seeing Mr. Appleby and see if he could not induce him to bring his offices (5) into the Association. Mr. Bradshaw said he thought Mr. Appleby would come in if we saw him personally.

Upon motion of Mr. Rutherford, seconded by Mr. Cross, it was agreed that Mr. Bradshaw write a personal letter to Mr. Appleby, and Mr. Edge be instructed to call on Mr. Burnly, Assistant State Bank Examiner, to induce him to go to Washington at the Association's expense. to try and get Mr. Appleby to bring all his offices into the Association.

Mr. Edge reported that we had one thousand (1000) pamphlets printed on Coöperation. Upon motion of Mr. Rutherford, seconded by Mr. Seay, the Secretary, was ordered to send these out to all members, also a supply to Mr. Kehr, our National Secretary, for him to send out to members of the Association.

Mr. Rutherford gave a brief talk about the National Convention to be held in Louisville the latter part of September, and gave a cordial invitation to all members to be present.

Different members brought up the subject of "clearing house" and every one approved the present one that we have in operation in the different cities, and agreed that it was working splendidly and had already brought good results.

UNPAID BILLS.

Mr. Edge presented a bill for fifty-two dollars and fifty cents ($52.50) for printing one thousand (1000) pamphlets on Coöperation, and the Treasurer was authorized to send a check to Andrew H. Friar Printing Company, Richmond, Virginia, for the amount.

The Treasurer reported receiving a bill from Attorney R. Carrington, of Richmond, for services, of two hundred and sixty dollars ($260.00).

NEXT MEETING.

It was unanimously voted that the next meeting to be held at Roanoke, Thursday, July 12, 1923. Time and place to be announced later by the Chairman of the Entertainment Committee, J. B. Herbert.

There being no further business to transact, upon motion of Mr. Cross, seconded by Mr. Bradshaw, the business meeting was adjourned.

The members met in the banquet hall at 6:30 P.M. and a splendid dinner was served them.

We had with us as guests, Judge W. H. Sargeant of the Corporation Court, Attorney Walter M. Grant, Attorney Claeton E. Raby, and Mr. Rutherford, our National Chairman, who acted as Toastmaster. All three gentlemen gave splendid addresses regarding our business a necessity, and what splendid work we were doing.

A rising vote of thanks was given to Judge Sargeant, Attorney Grant and Attorney Raby for their excellent addresses.

ADDRESS BY ATTORNEY WALTER M. GRANT AT THE BANQUET OF THE VIRGINIA INDUSTRIAL LENDERS ASSOCIATION HELD AT NORFOLK, VIRGINIA, APRIL 12, 1923.

Mr. Toastmaster, and Gentlemen:

As I have listened to those who have preceded me I have been reminded of an Italian maximum I once heard:

"The talker sows, the listener reaps."

And as I rise to my feet, possessing no money myself, in this gathering of money handlers, I feel almost compelled to take the German's advice:

"If you have money take a seat,
If you have none take to your feet."

Among the dealers now known as "Small Loan Bankers" I wonder, just at the present time, what may be the most difficult problem they have to solve. Of course there are many with which they stand, daily, face to face, but if, perchance, the master key were found, what door would it unlock? You will all answer quickly, a method by which the repayment of every loan is solidly secured, both as to principal and interest. While none of us may be able to master the problem, I believe a few suggestions toward "picking the lock" may be of interest.

Under our system of jurisprudence, known as the common law, during the years when its principles were being established, there was no prescribed rate of interest, and it was only as the evils attending upon excessive interest were realized that restrictions were imposed. Then the pendulum began to swing backward until the rate in modern times forced the "Small Loan Bankers" either to the shadow of the three balls, to illegal methods or out of business. Those who continued used for many years methods that brought the business into general ill repute.

For the past few years, the necessity for such a business being recognized by those properly informed, after painstaking investigation and expenditure of much treasure, in many States of the Union, the Legislatures have passed an act commonly known as "The Small Loan Act," which, under prescribed conditions, permits a rate of interest of 3½% per month.

But even though this has legalized the imposing and collection of a much greater rate of interest than is permitted in any other form of loan, and the law-making body has recognized the reasonableness and wisdom of such a law, this is not true of the general public, nor, and I now come to the point I wish to make, is it true of many judges, who necessarily have to interpet and apply the law in contested cases by the "Small Loan Bankers."

Could this condition of prejudice and doubt be overcome, especially in the minds of many jurists, I believe a great step would be taken in the right direction.

Those of us who represent you "Bankers" legally often have this prejudice of the "Bench" impressed upon us almost as strongly as the stone carver did an assault of which he complained:

"He walked right into my yard and slammed me up against one of my tobstones," the witness said.

"Did he hurt you?" inquired the court.

"Hurt me?" roared the witness. "Why, I've got 'Sacred to the Memory of' stamped all down my back."

But you naturally ask, "How may this prejudice be eliminated?"

First: By a process of enlightenment and correct information. Also by the use, in your dealings with borrowers, of full and careful instruction as to the necessary steps to take and of what you will require. Always be careful, square and honest in all dealings. When one of your number is found using other practices than these, do everything possible to persuade him to use honest, legal methods, and if this cannot be accomplished, use moral and, if necessary, other persuasion to put him out of business. If this prejudice is ever to be eliminated, it must be accomplished from within your own ranks and not by reforms forced upon you from outside. You are the ones most interested and whom the beneficial results will most affect. Therefore, watch carefully for all abuses and correct them yourselves.

Second: In Virginia you need an immediate amendment to the Indexing of the "Universal Small Loan Act." Do you know that in the Code of this State the Act is indexed, "The Loan Shark Act."

Could such a title or indexing create any impression upon minds of laymen, lawyers or judges, who may not be thoroughly familiar with the purpose and wisdom of the law, than that of prejudice? This should be remedied.

Third: All managers of your various branches, and other employees who come in touch with the public, should be thoroughly instructed themselves in the purpose and reason for the collection of increased amount of interest permitted, and be ready and willing to cheerfully explain to those who oppose. Oftentimes opposition is really only ignorance.

"Ignorance is the curse of God; knowledge the wing wherewith we fly to heaven," said Shakespeare, and certainly knowledge is the true course in this case.

Again, those who represent you legally should be thoroughly informed and on all occasions where this unjust prejudice is encountered, and especially if it be met in the courtroom, jump instantly to the breach and, if possible, dispel the bias by a full and proper explanation.

I bring to your attention this prejudice of some of the judges because, from experience during the past few years in actually representing some of you who are present to-night I have encountered it again and again.

On this point I am somewhat in the position of the accused, when asked by his lawyer:

"Well, shall we take the jury as it stands?"

The accused: "Better fire the married women, counselor. They always convict on the slightest circumstantial evidence."

I do not wish you to think for an instant that I am critising any judge because of this prejudice, for I am sure it exists because they honestly believe the principle upon which the success of your business is based is wrong and unjust. A thorough knowledge of existing conditions would, I feel sure, dispell this bias as the sun, clouds, after rain.

Let us all join hands and teach with Shakespeare, that:

"Money is a good soldier and will on."

The Chinese have a maximum that goes thus:

"Those who make money make little exertion: those who make much exertion make no money," and in closing I quote a good old American maximum:

"Put not your trust in money, but your money in trust."

FLAPPER NOT BAD AS SHE IS PAINTED SARGEANT ASSERTS.

Norfolk Jurist Waxes Poetical in Ardent Defense of Girls of To-day; Takes Rap at Pessimists and Reformers.

TRIBUTE GIVEN BEFORE LENDERS' ASSOCIATION.

Judge W. H. Sergeant, of the Corporation Court, says that the wail of pessimists and reformers, that modern times are degraded and that the world must surely be destroyed soon, is bosh. The jurist expressed himself to that effect last night at a banquet of the Virginia Industrial Lenders Association.

"The only perfect woman, if evolution be true," he said, "was she who swung from her tail from bough to bough and flung cocoanuts at her admirers." The judge seemed well satisfied with the modern girl, for a rough version of his rhythmic expression of his views of a flapper is:

"The merry girls of '23.
Look very, very good to me.
I care not if their skirts hang high;
They're still quite pleasing to my eye.
Indeed, I think, they look quite nifty;
The trouble is, I'm married, fat and 50."

The jurist referred to cases—not in Blackstone but in history and literature—to support his views.

"My father used to muse over the good old times when he was a boy," Judge Sargeant said. "But the world," he added, "whirls 'round as merrily, the birds sing as sweetly, and the maidens are no whit less charming than when he was a boy.

"Burke lamented in his day," the judge said, "that Sophists and calculators had taken the age and that chivalry was dead. Cicero wailed, 'O! tempora! O! mores;' " said the jurist (Cicero's dyspeptic lament, freely translated is, "Oh, death where is thy sting? These times have got my goat") "Tutankhaman's wife was built along speedy lines, if press reports may be credited," the judge continued, referring to allegations that, in true merry widow style, Mrs. Tut sought a charming young Hittite for a second husband before old Tut was accustomed to his mummy suit.

"We are lucky to live and to enjoy this wonderful age," Judge Sargeant concluded, after calling attention to the glorious prospect before mankind and the recent progress of the human race.

Walter M. Grant, former assistant city attorney, urged the members of the association, who cater to small loans, to dissipate prejudice against their business both by education and by equitable dealings.

"This prejudice exists both in the public mind and among jurists," Mr. Grant said. He continued that the prejudice was grounded in a misconception of their business dating back to the time when it was first recognized in common law and is furthered because a somewhat higher interest charge is necessary than with longer term loans.

The banquet was given at the Southland Hotel after a business session of the association yesterday afternoon. Officers of the Virginia Industrial Lenders' Association are: L. E. Pope, of Richmond, president; F. Bray, of Norfolk, secretary and T. Clifton Cross, of Norfolk, treasurer.—*Virginian Pilot, Norfolk, Va. April 13, 1923.*

COMMUNICATIONS.

Dear Mr. Kehr:

Several days ago I wrote you asking the name of some concern in Nashville, Tenn. to whom we might send an account for collection and in your reply you recommended us to write to the Dixie Loan & Investment Co. We wrote as directed and received to-day a letter from Mr. V. C. Moore, Mgr., stating that he would gladly give us any assistance possible to aid in the collection of our account, therefore have forwarded our account to him for collection. From the tone of their letter I feel sure they would be glad to assist any of the other members of the American Asso. in the collection of accounts.

Thanking you very kindly for giving us this information and trusting that this will assist some other member in looking after their Nashville skips, I am,

Yours truly,
M. HARTMAN, *Manager.*
The Interstate Collateral loan Co.

P. S. Am glad to say that your man Auger in San Francisco is looking after our account for us there.

April 28, 1923.

EDITOR, INDUSTRIAL LENDERS NEWS,
204 Chestnut Street,
Harrisburg, Pa.

Dear Sir:

In Mr. Reginald Heber Smith's interesting article on "Credit Unions and Licensed Industrial Lenders," on the last page of the April NEWS, I find a reference to the Morris Plan as one of the three agencies, other than the licensed industrial lender, for "providing legitimate banking facilities for the average man." The other two of the three competitors of the licensed lender are the "semi-philanthropic agencies" and the credit unions. The claims of these various agencies are temperately considered, and it is conceded that the Morris Plan banks and companies have "performed a service and filled a need." But it is claimed that of late years they have tended to drift into the commercial field, and have "not met......the demand for small loans"—*i. e.,* loans of less than $300 in amount.

In comment on this criticism, permit me to present the following statistics: Loans on The Morris Plan from March 23, 1910, to December 31, 1922, numbered 1,957,551, and amounted to $363,689,752—an average of $185.78. In the year 1922 the number was 374,152 and the amount $80,801,338—the average being $215.95. As you will see, the increase in the average amount per loan is only 16 per cent., which may fairly be accounted for by the much higher cost of living in 1922 as compared with the earlier years of Morris Plan operation.

Yours very truly,
J. B. GILDER, *Secretary,*
Industrial Finance Corporation.

HEBREW LOAN SOCIETY TO OPEN NEW BRANCH.

A new branch of the Hebrew Free Loan Society, one of the ninety-one units affiliated with the Federation for the support of Jewish Philanthropies, will be established in the heart of the East Side during the coming year, it is announced by Julius J. Dukas, president. This addition to the downtown headquarters at 108 Second avenue, is needed, it was said, in order to reach the small borrower, thousands of whom live below this region.

The Hebrew Free Loan Society was founded in 1892 for the purpose of lending money without interest to persons whose character and past standing would not permit them to accept charity. It lends approximately a million dollars a year without interest, in sums of from five to five hundred dollars. The average loss incurred has been less than one-half of one percent.—*Brooklyn Standard Union, April 3, 1923.*

JERSEY LENDERS IN SESSION HERE.

State Association Discusses Legislation for Stamping Out of "Note Shaver."

Conditions under which small loans are made and suggestions for still further elevation of the business, with a view of having the "note shaver" give bond and make reports to the proper authorities under the Small Borrowers' Act, and other matters were discussed at to-day's meeting of the New Jersey Industrial Lenders' Association at the Hotel Sterling. Approximately 60 members of the organization partook of luncheon at the Sterling and then took up various matters of business. Incidentally it is the first time the association has met in Trenton. Sol H. Vogel, of the Trenton Loan and Realty Company, this city, president of the body, is presiding.

Arthur H. Wood, president of First National Bank and of the Chamber of Commerce, welcomed the lenders. He gave expression to his pleasure in having the association members select Trenton as their place of meeting and stressed the fact that the business of the lenders is a dignified one and a help to the community and especially to a class of small borrowers formerly unfairly dealt with when seeking accomodations of this kind. President Wood added that the Chamber of Commerce desires to foster any business conducted on ethical lines and asked the lenders to give assistance to keep out of the field the evil practices that tend to creep into the business, particularly the tricks of the loan shark.

It was further explained by President Wood that the law protects the members of the Lenders' Association and that they in turn should help stamp out the "note shaver." The "note shavers" trade as free lances, it was stated, but ought to be compelled to make reports under the Small Borrowers' Act and pay the regular license fee and keep books for inspection by the State Department of Banking and Insurance.

President Vogel responded to the address of welcome and remarks were made by several of the officials of the organization, including P. X. Meegan, Paterson, vice-president; J. V. Long, Jersey City, treasurer; P. L. Alberse, Paterson, secretary; William Young, Atlantic City, who reported on growth of membership; A. C. Christensen, Jersey City, head of the publicity department, who spoke in favor of advertising and general publicity; C. H. Watts, Philadelphia, who discussed legislative matters; A. J. Simonson, Newark, chairman of the Executive Committee, who discussed the policing of the business and J. W. Whitstone, Plainfield, who took up the matter of the time and place for the annual meeting.

This gathering is held each year and while Newark is making a strong bid for the meeting, it may be that sufficient influence will be brought to bear to have Trenton selected.

Trenton Times.
May 18, 1923.

WHY—— THE SMALL-LOAN BUSINESS?

3½% Is Proved by Practical Experience.

Practical experience in a score of States is this—when the rate is 3½% the small-loan business is done by licensed lenders who employ clean methods only. There are no loan sharks. There are no complaints of oppression and licensed lenders coöperate with the officials in policing the business.

When the rate is substantially lower than 3½%, the licensed lender cannot enter or stay in business, so the loan shark takes the licensed lender's legitimate place. Exorbitant interest and fees are charged. The loan business is done secretly. The provisions of the loan law are generally violated. There is inadequate capital available for loan service.

In Alabama the legal rate is ½% per month. The license fee is $2,000 per year. No licensed lender could do business under these conditions. The loan sharks do all the business and charge 30% per month.

In Colorado the legal rate is 1% per month, but the law cannot be enforced. There is no licensed lender in the state. The loan sharks charge what they please, which includes recompense for their risk of violating the criminal sections of the law. Therefore, the legal rate of 1% makes a bad condition worse.

In Illinois, before the 3½% law was adopted, the legal rate was 7% and the result was that only loan sharks did the business. It was in support of the 3½% law that Judge Landis gave his opinion that the 3½% rate was fair and just.

In Kentucky the legal rate is 6% and the loan sharks thrive. An investigating committee in its endeavor to have the law changed to the 3½% rate, found that the rates charged in that state for small loans were 15 to 50% a month and 185 to 600% a year.

The scientific rate is 3½% per month. That this is a fair and equitable rate is decisively shown by the fact that two national remedial organizations interested in improving the small-loan business have adopted the 3½% rate.

The Division of Remedial Laws of the Russell Sage Foundation in its "Uniform Law" fixes the rate at 3½% per month.

The Legal Reform Bureau to Eliminate the Loan Shark Evil has also fixed the rate at 3½% per month.

The 3½% rate is endorsed by unimpeachable and unbiased sources.

Further information on the small-loan business will be published in this space next Sunday.

Provident Loan Association, Leslie Whitmer, President; member of the National Federation of Remedial Loan Association.

Sioux City.
Iowa Building.

THE LANTERN.

Copr., New York Tribune, Inc., 1923.

The Formal Touch.

Er—by the way, old man—
'S a monstrous
Thing
To ask of one I hardly—
Well, you know
How it is! May I—could you—
Just till Friday—
I protest,
Not a day later; Only
Fifty—
Thanks! Thanks! Do as much
For you one day.
Au 'voir!

Oubliez S. V. P.

The Affirmative Retouched.

(Going down elevator.)

My God, he really seemed t' expect me
to pay it back—
And him with his here rotten book just
piling jack!—STANLEY K. WILSON.

MANAGER WANTED.

A man with a thorough knowledge of the small loan business, as well as the handling of mortgages and all matters that might come into a Loan and Savings Company. Capital of institution $50.000. Located in a thriving South Florida town. Party accepting this position must buy some stock in institution and take entire charge of office work and act as Manager-Cashier. State in first letter experience, age, salary expected and approximate amount of stock desired.

Address Plant City Loan & Savings, Inc., Plant City, Fla.

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INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOI. VII. No. 12. JUNE, 1923. Price, $1.00 a year.

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CONVENTION NEWS.

Not many more issues of the NEWS will be published before the big Ninth Annual National Convention, which will be held at the Seelbach Hotel, Louisville, Kentucky, September 19th, 20th, 21st, 22d. From the plans so far made, the forthcoming National Convention promises to be a record breaker from more than one standpoint. The location selected is central, accommodations will be fine, and there will be just enough amusement and entertainment to break the monotony of the business sessions.

At a recent meeting of the National Executive Committee the following committee chairmen who will have charge of the various arrangements were selected: Finance, W. P. Woll, Chicago; Speakers, C. H. Watts, Philadelphia; Entertainment, C. E. Reed, Louisville; Registration, R. C. Aufderheide, Indianapolis; Banquet, Badges, etc., R. M. Rutherford, New York; Program and Publicity, G. W. Kehr, Harrisburg.

The Program Committee is pleased to announce that it has the promise of Will Pente, a constructive publicity expert of Chicago, that he will give us a worth while talk on "Advertising the Small Loan Business." From what the committee knows of Mr. Pente and the study he is making of advertising the small loan business, we are certain that our membership have in store for them, a fine treat. Selling the small loan business and justifying the uniform rate has many advocates but none, in the opinion of the writer, who can match Mr. Pente's convincing methods.

An account of the successful legislative campaign in Rhode Island this year will be told by one of our members who was close to the scene of activity. None of the campaigns for the enactment of the Uniform Law in recent years, was better handled than this one. There seemed to be perfect coöperation between all the agencies in favor of this legislation. If the same plan as was adopted in Rhode Island is adopted elsewhere opposition can be nullified.

The above is only a small part of the program and the balance of it is in the hands of our members. What do you want it to be? If past programs have not met with your approval, what have you to offer in place of former efforts? One member has already decided that he will not attend the Louisville Convention and the reason he gives that he does not feel the programs are of sufficient interest to "men in actual charge of offices." He states further the subjects discussed are too general and of interest to the group interested in the general policies of the business. That criticism may be justified but what has this member done to suggest other subjects which would be of interest to the men in actual charge of offices, and has he taken any time or interest in the matter of selecting men who are competent to handle subjects which ought to have attention? Anybody can stay at home or go to a convention and criticise the efforts of others. This criticism does not help in making future conventions and programs better unless something constructive is suggested to improve the programs. The chairman of the Program Committee will be delighted to receive suggestions from anyone interested in the small loan business whether members or not, and if they seem practicable, they will be adopted.

There is some thought of devoting the whole day of Friday, September 21, for a Managers' Meeting. If enough interest is taken in the suggestion by the managers and subjects are suggested and competent persons to lead the discussions, it is probable that this suggestion will be adopted.

Any members who have in mind suggesting any changes in the Constitution and By-laws should refer to this document in their Year Book and be sure that they comply with all the requirements in this respect so that any changes may be considered at the National Convention. We do not want any experience such as we had last year when several suggested amendments to the Constitution and By-laws were ruled out on the grounds of unconstitutionality. Article XIX of the Constitution says:

"Amendments. This Constitution shall not be amended, unless such amendment shall be recommended by five members of the National Council, and until it is approved by a two-thirds vote of members in attendance in convention or in writing. Notice of such proposed amendment shall be given each member either by publication in the official organ or in writing at least ten days prior to being acted upon."

PUBLICITY.

No doubt our subscribers have been reading with interest the copies of the ads, run in the Sioux City, Iowa papers by the Provident Loan Association and have wondered about the results. To an inquiry directed along that line Leslie Whitmer, president replied:

"We gave our educational campaign of advertising a good deal of consideration before it was launched, and for the reason that the 3½ per cent rate sounds exorbitant by many people who are not familiar with the loan business, we decided to put all of our cards on the table, stating the actual and true facts of the business, with the object of soliciting business from borrowers, as well as educating the public along the correct lines of the small loan business.

"Results of this campaign are decidedly satisfactory. Our loan balance on June 1st will show approximately an increase of $10,000.00 from the time the campaign was started on March 31st. The number of loans have increased, as also has the average loan.

"Our experience shows that by mentioning in our advertising the 3½ per cent rate, the small borrower knows precisely what is expected of him when he applies for a loan.

"From our experience we feel that any publicity campaign you inaugurate anywhere, will have best results, by stating full and complete facts concerning the small loan business.

"The local comments which we have received have all been in our favor with one exception; that one happened to be an attorney that had dealings with us and it was necessary to press collection before having our money repaid. Our leading banker regards it as the best step taken in explaining to the public the need of our business and the necessity of charging the rate which we do. We have started a new series of advertising, requiring one column, ten inches, or one-half the space formerly used, and I am enclosing the first one of these ads."

THE PROVIDENT LOAN ASSOCIATION.

—is a licensed money lender operating under Iowa State Banking laws, and charging the legal rate of interest on small amounts and less than the legal rate on large amounts.

There's the whole thing in a nutshell, we've told it all, nothing is held back—and the object in buying this space is to get more business—to loan more money to worthy people—to increase our list of satisfied customers.

Borrowing money is as old as the world itself—there is no shame or disgrace about it. The man of limited means who comes to us has the same right to be proud of his ability to utilize his credit as the bsuiness man who is accommodated by the bank.

We loan money in amounts of $10 to $300. We accept various chattels as securities, which are not acceptable to banks. We charge the legal rate of interest of 3½% per month on unpaid balances on small amounts up to $200, and less than the legal rate on large amounts.

While making only a fair and reasonable profit, we are doing everything we

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
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Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

can to be of personal service to the small borrower. Our enlarged offices provide private conference rooms and applicants will always find full consideration, courteous treatment, square dealing and confidential transactions.

If you need money, we would thank you to give us an opportunity of further explaining our personal loan service to you.

Provident Loan Association, Leslie Whitmer, President; member of National Federation of Remedial Loan Associations.

218 Iowa Building.

WHY—
THE SMALL-LOAN BUSINESS?
Is It Necessary?

There have been many and still are some people who do not acknowledge the necessity for loan companies at all. They believe that if the loans could not be obtained the borrowers could get along and thrift would be encouraged and that the proper solution of the "small-loan problem" is to drive the usurer out of existence by drastic laws, without providing a substitute.

We admit that present borrowers could get along, they could call on their friends and relatives, they could owe their landlord and grocer and their long suffering physician. They could be humiliated at every turn, and if all else fails, there is still left our charitable institutions.

But history shows that before submitting to these distressing circumstances, self-respecting people will borrow money, if money is to be had, and also, that there will always be those to lend money if the price offered is sufficiently large.

The fact that the high-rate money-lender does exist is in itself the best evidence of the necessity of the licensed loan association. While we might think that the "Loan Shark" makes his money by extortion from the ignorant and helpless, it is a fact that his large profits come from them who borrow time and again with full knowledge of the excessive charges and because they feel that if unable to get the money for less it is worth the amount charged. Because of these conditions it has been and always will be impossible to drive the money shark out of existence by repressive laws. The small-loan business is now and always will be necessary.

It has been proven and is acknowledged by all who have investigated the situation that the only solution is competition with the "loan shark" by legalized and properly managed loan associations, run on a business basis, operating on a scientific, equitable and lawful rate of interest, under a State license and under direct supervision of the State Banking Department.

Such an organization in Sioux City, is the Provident Loan Association. Its record of eleven years of fair and square dealings with the thousands of borrowers it has served is one that could only be attained by right principles and just methods founded on a business basis that is sound, legitimate and essential to this community.

Further information on the small-loan business will be published in this space next Sunday.

Provident Loan Association, Leslie Whitmer, President; member of the National Federation of Remedial Loan Associations.

Sioux City.
Iowa Building.

WHY—
THE SMALL-LOAN BUSINESS?
Whom Does It Serve?

Careful investigation has shown that only about 15% of the American population have access to banks and trust companies leaving 85% of the people without financial accommodations in the time of need, except in the States where the necessity for the small-loan business has been recognized and where practical loan laws have been enacted.

The clientele of the small loan association is not the 15% who can borrow from the banks nor the 15% of poor and needy who are best assisted by charitable institutions.

The remaining 70% of the American population known as the middle class—clerks, mechanics, electric and steam railway operators, industrial workers, public employes, some professional people, housekeepers and small business men, in fact all those who have good character, steady jobs, a reputation for paying their bills and an income sufficient to live and to pay monthly installments on small loans—these are the people served by the small loan association. Their right to borrow cannot be denied.

Personal property, mainly household furniture, forms the basis of security upon which small loans are made, although the borrowers expected salary income and ability to meet the payments has much to do with the lender's decision in granting the loan.

The workingman, however frugal, worthy and honest, owns little besides his current weekly wage and most of this is consumed for house rent, groceries, clothing and incidental costs of living. Even though he may have a savings deposit account, unemployment, sickness, death or marriage or any of many other causes, which arise from time to time, give him legitimate need to borrow money quickly, in anticipation of his future earnings. Such demands are best taken care of by the licensed loan association.

Business experience furnishes innumerable illustrations of financial ruin because of inability to secure short time loans.

It is not contended that borrowing should be encouraged, nor that the secret of success is found in the ability to secure a loan in time of need but it is a fact that judicious borrowing is frequently an absolute necessity.

A small loan quickly obtained, is often of the greatest possible advantage. A vast number of people live close to the verge of pecuniary collapse. A death in the home, sickness, or even the loss of a few days' work may place the whole family in extreme distress. In hundreds of cases of this character, the Provident Loan Association has been of inestimable value and it is constantly alert to enlarge its useful mission and helpful service.

Provident Loan Association, Leslie Whitmer, President; member of the National Federation of Remedial Loan Associations.

Sioux City.
Iowa Building.

INDIANA.

The Annual Meeting of Indiana Industrial Lenders Association was held at Indianapolis, May 16th-17th,

The meeting called to order by Fred Davies, first vice-president in the absence of W. R. Teel, who was called out of the city.

The following companies were represented:

Commonwealth Loan Companies of Anderson, Brazil, Elwood, Fort Wayne, Indianapolis, Richmond, Terre Haute, Brazil Loan Co., Legal Company's Offices of the following cities—Connersville, Frankfort, Kokomo, Lafayette, Logansport, Marion, Peru, Fort Wayne, Crawfordsville, Huntington; W. A. Swank, Crawfordsville; Provident Loan Association of Elkhart, Southbend, Michigan City, Hammond, American Loan Co., Evansville, Beneficial Loan Society of Terre Haute, Gray, Fort Wayne, Indianapolis, Evansville, South Bend, Indiana Loan Co., Fort Wayne, National Loan Co., Fort Wayne, Muncie, Terre Haute, Capital Loan Co., Frankfort, Indianapolis, Shelbyville, Franklin, American Loan Co., Community Finance Corp., Fidelity Loan Company, Indiana Collateral Loan Co., Indianapolis Finance Co., Model Loan Co., Security Mortgage Loan Co., Sterling Loan Co. of Indianapolis, Central Loan Co., Kokomo, State Loan Co., Laporte and South Bend, Green Co., Loan Co., Linton, Central Loan Co., Logansport, Clupper Loan Co., Marion, Hoosier Loan Co., Martinsville, Citizens Finance Co., Mishawaka, American Loan Co., Princeton, American Security Co., Shelbyville, Indiana Finance Co., South Bend, Security Loan Co., South Bend, Fidelity Loan Co., Sullivan, Indiana Loan Co., Terre Haute, Security Loan Co., Terre Haute, Knox Co. Real Estate & Loan Co., Vincennes including several executives of the various offices, and Mr. Elmer Johnson of the Banking department, E. H. Wolcott, Banking Commissioner.

Membership committee reported present membership 111, delinquents more than 1 year, 23, new members during year 17, resignations 2, net membership paid to date 88.

Treasurer reports as follows.

Mr. Crunk moves that the report be received and an auditing committee be appointed, carried, committee, Mr. Grinsteiner, Mr. Naultner, Mr. Arnett.

The subject of Uniform Blanks was taken up and after a full discussion a motion that this be referred to the law committee was made and carried.

C. E. Clift gave an address on how a $100,000 00 office could be established in fifteen months. The main points brought out in his address were: confidence in yourself, Sincerity to your customer, Practice Humane treatment, Courtesy and Goodwill, Coöperation between loan men and Putting your Heart into the business, circularizing with letters and carrying large ads.

S. F. Smith read a paper "Is Getting the Wife's Signature at the Home a Good Policy on New Loans."

Mr. President and Gentlemen of our Association:

Is getting the wife's signature at home a good policy on new loans? This question, I think should be answered in the affirmative, and should also include rechecks where necessary. As far as the legal part is concerned, our papers may be signed either at a customer's or prospective customer's home, business address or temporary residence; however, the representative should first see that the person to sign has read over the instrument and feel satisfied that they understand what they are going to sign, then fill out the note in full if possible, or for at least the amount which is to be written in space provided for this in the upper left-hand corner. He then can go over the list of security to be sure that the prospective customer knows what is being mortgaged and that it is clear of all liens, mortgages and etc.

After this is finished it only takes a few minutes further to explain the importance of meeting the notes promptly and that we do not employ collectors, that payments may be mailed either by check or money or registered letter, if impossible to call at the office. On rechecks of course, there is not so much for the representative to go through unless the past account was not taken care of according to their contract. He then has a very good opportunity to go into the matter with the wife or husband whichever it happens to be and he might discover the party he is talking with is led to believe their loan has been taken care of according to contract. In this way he might save himself some extra work that would fall upon him later on.

You will also find among our members many instances where they will not only have the wife to sign at the house but the husband as well, thereby completing the loan at the home and in some instances this has been done of an evening after office hours. Of course, you might not discover this unless you have your representative call back on an application which has been approved when they did not come for the money, and be informed then that they had made other arrangements for the money and upon further investigation you might discover that after being informed that both parties must call for the money, they had called your competitor that is glad to have the parties sign at the house as well as bring the money when he calls.

I have been informed by some of our members that their organization will not allow a paper to be signed only at their office, this is hardly fair to the great public that we are doing business among for we are being paid for a service and it cannot better be given than in this branch of our business.

Many cases I am sure you gentlemen have seen where a family has three and four small children, none old enough to take care of the smaller ones while the mother and father are at the Loan office arranging a loan. What a service we are giving when we allow this busy mother to sign for her part and be relieved of dressing herself and all the children just to come to our office. Her husband may then stop by on his way to or from work or at noon and get the money. The world is crying for *service*, give service and you cannot fail.

I do not believe there is any branch of our business where the great public can be helped more than to get the wife's signature at home on new as well as old loans provided conditions justify same.

A difference of opinion was large, Chandler, Kent, Baum, Moss, Hartz, Broughman, Hancock, Stratton, all expressed opinions both for and against, but the prevailing opinion was to render service regardless of where the signature was taken.

George W. Farrington gave an address on Possibilities of Group advertising and quoted the successes and failures of group advertising and his point was well taken that the business needed advertising in order to tell the public our story. Mr. Clark, a guest of Mr. Farrington, explained how an educational campaign covering a period of one year could be carried on and about the cost.

A. C. Broughman suggested that a committee be appointed to look into this subject and report at the morning session. Mr. Rose moved that a committee be appointed, motion carried. R. C. Aufderheide, A. Broughman, H. H. Burrell were appointed.

C. H. Stratton expressed an opinion that this was one of the most important subjects that could be or would be taken up during the convention, and that no other subject was as important as Educational Publicity.

Can attorney fees be collected by an attorney unless suit is entered against the borrower and a judgment taken.

Elmer Johnson of the banking commissioner's office obtained an oral report from the Attorney General of the State, that a reasonable attorney fee could be collected and if the attorney's fee was not considered a reasonable one, the court would have to decide what was a reasonable fee; the question was also referred to the law committee.

The executive committee was called to order by Fred Davies at 9 A. M., May 17th. It was decided to have a roster published of all members.

It was also voted to appropriate $250 to $500, to assist the American Assn., in the convention to be held at Louisville, Ky., in September.

They recommended an amendment to the by-laws that would automatically suspend a member for non-payment of dues.

The resignation of two members accepted.

The banquet Wednesday evening was attended by 146 members and guests. After the banquet, dancing and stunts were the features of entertainment, and everyone apparently enjoyed the evening. Mr. A. C. Broughman acted as toastmaster.

The convention was called to order Thursday morning by Fred Davies.

A paper was read by H. E. Arnett of Marion on "New Types of Competition."

To limit the discussion of the subject, "New types of competition" to anything but a talk on the loan business in general, it should have been qualified. Both as to what is meant by "new," and if the chattel loan business was to be taken as a unit, or as competition in the business effects each individual office.

Competition that is new to me, might not be new to you, and competition that would be new to the loan companies in Fort Wayne, might not be new in Indianapolis. When our company opens a new office, we are probably a new type of competition to the old lenders in that city, and in many cases we find new types of competition that we have never run into before. In one town one of the old companies seem to regard us as intruders, and intimate that we should not have come into competition with them, just as much as saying that they owned that whole territory and it was their own private possession. Clean competition won't hurt their office one bit.

However, although you may think you discover something new, you will later find that it was really something quite old, that you chanced to look at in a different light, or that was presented to you in a little different way.

Competition doesn't change much, and this applies to the loan business. It is either good or bad, clean or underhanded, or of such a character to show that the individual does not care anything about the character, standing or continuance of the business he is in, but that he only wants to get all he can out of the business and he don't care how he does it.

I don't like to take up too much of your time telling you something that you already know, but it seems to me almost necessary to try to enumerate the different kinds of loan companies that are making small loans.

LICENSED CHATTEL LOAN COMPANIES.

I mean the old established offices in Indiana, represented by you men here, and members of the State and National Associations. I think each one of you can expect to receive from each other, just as fair competition as you give.

Sometimes trouble breaks out in an individual office, and an employee starts a new office for himself. Where this has happened in Indiana in the past it has generally resulted in a lot of cut-rate loans. Between the parties involved this was not competition, but a sort of guerilla war-fare; but to the other loan companies it was competition of the worst kind, and which, I imagine, did neither the offices or their customers anything but harm, and cast a shadow over the loan business in general.

Some regular chattel loan companies have recently adopted the trading stamp or premium plan of running a loan office, and say that it gets them business. They give a dollar or two to their old customers, who run a new account into their office, or give them a certain rebate on their loan. This is bad competition for the companies that are trying to do a straight chattel loan business. I contend that if a loan company is run in a proper manner, and the customers are treated courteously and in an intelligent way, that it will not be necessary to pay them to send in their friends and relatives, or to recommend the company in every way possible. The company that has to pay in actual dollars for "good will" never had and never will have any real friends.

PROMOTED COMPANIES.

In Indiana, it seems that the epidemic of promoted companies, primarily in the business to sell stock, secondarily to make loans, is about over. These companies are bad competition for the regular old established loan companies, because they adopt the policy of cutting the rate in order to get a large volumn of business quickly, so that they can make their stock selling proposition look good. Also, which can hardly be called competition, more like piracy, they hire the employees of the established loan companies with the understanding that they steal a list of customers and make as many of them as they can. This is old stuff to many of you who are here, who can testify that if it is competition it can best be described by the Sherman of history and not of Indianapolis, although I believe that the latter could do a fairly good job of telling you about them in forceful and well chosen language.

INDIRECT COMPETITION.

I feel that the Automobile Funding Co., the Commercial Discount Cos., the Morris Plan, and similar institutions, that loan on notes, contracts, automobiles, etc, all get some of the customers that the chattle loan companies have been serving, but they seldom compete with us by attacking our business any more which was their policy in the past. In Indianapolis the Morris Plan would be a new type of competition, but I do not think they would effect the old established offices here in any noticeable way.

BANKS.

In several counties and communities banks are making chattel loans and plenty of them, which is but a recent development. They were forced into the business because of the fact that farm owners are becoming more and more backward about signing notes for their tenants. It was necessary that the banks either finance the tenant farmer by accepting his chattels as security on loans or see the land go untilled. I do not think that this situation will continue, because most of the banks that are doing it, do not care to make it a general practice, but some of the small country banks are coming to regard it as an important part of their business. Banks in towns and cities are more liberal in making small loans to their regular customers than they have been in the past.

CREDIT COMPANIES.

Probably not all of you have run across the new sort of credit company, which loans money to make certain purchases from furniture, clothing, or grocery stores. The credit company gives the borrower an order on a certain store, instead of giving the actual cash. In this way they get a prearranged discount from the merchant, besides collecting the maximum rate of interest. Most of these deals are made with people whose credit reputation is very bad, but the credit companies can afford to take the extra risk, because of the additional profit they receive. A similar plan is being used in the purchase of automobile tires.

In the communities with which I am acquainted the number of small loan companies is increasing. I know of an eye doctor who is making small loans on real estate and chattels as a side issue, one automobile salesman, and any number of real estate agents, two tailors. These people have all taken out licenses, and in most cases make loans at the maximum rate, and are becoming quite a bit of competition in the aggregate. They know but little about the loan business, and in most cases were not successful in their other business, so need not be taken too seriously as competition—in fact, they are more of an aggravation than competition.

CREDIT UNION.

It appears that the credit Union may be a new type of corporation in Indiana, but after reading all that I can find regarding them, and having the system explained to me several times, I must confess that I cannot tell you or know what it is all about. The law passed by the last legislature was changed considerably from the bill offered. However, I cannot see where a Credit Union is empowered to do much that cannot be done by any corporation. I know of several credit unions, so-called, that have been in operation for a number of years, and I can see but little difference between their system, and the savings department of a bank. With the elimination of the "non-member" feature it looks to me as if the credit-union is almost a useless bit of machinery for most borrowers, and something with which get-rich-quick promoters will hardly waste their time. With your continued kind indulgence I will read a few excerpts from the bill, and from the law as passed.

That's about all I know about the different kind of loan companies, and how they effect the chattel loan business.

Certainly, there is plenty of competition in the business and for the making of small loans in general—and I think there will be a continued increase instead of an increase in the number of companies and new types of loaning.

But among ourselves, the new type of competition that is developing is one of coöperation—of treating your competitor as you would be treated. This was unknown before the formation of the state and national association and the direct results of just such get together meetings as these.

Fair competition does not hurt our business. It is the life of any business. It is up to us to see that those who have entered the loan business without thought of what their methods may mean to its future, be shown up in their true light.

Arthur R. Dana of Chicago read a paper on Dr. Louis Robinson's Investigation.

DR. LOUIS ROBINSON'S INVESTIGATION.

A few days ago I received a letter from your genial secretary, Mr. Hartz, requesting that I prepare something for your meeting on the subject of the survey which is being made of the Small Loan Business by Dr. Louis N. Robinson.

Having resided in Indianapolis for something like three years, I am quite familiar with the Indiana spirit of "help the other fellow," and it is on account of this spirit that I was prompted to accept Mr. Hartz's assignment, rather than because of any particular knowledge I have of the work Dr. Robinson is doing.

To begin with, it seems to me that to present anything like the true picture of events leading up to the time when the Survey was proposed and to get at a reason why it appeared a feasible thing to do, we must go back several years.

In his address before the Convention in New York last September, Dr. Robinson said in part: "Among loan men who are familiar with the history of the business it is not out of place to mention Ham as one of those who saw further into the future than most of his contemporaries. I do not refer to Ham of the Old Testament. The only thing with which history credits him is being the founder of the Negro race, an accomplishment of great magnitude, but one somewhat off color. I refer here to Arthur H. Ham, formerly director of the Division of Remedial Loans of the

Russell Sage Foundation. Speaking before the Third Annual Convention of the American Association of Small Loan Brokers, in 1917, Mr. L. C. Harbison said: 'Although the question of interest for the use of money is almost as old as Creation itself, little of a constructive nature was accomplished toward eliminating the evils surrounding the Small Loan Business as carried on in modern times, until in 1909 the Division of Remedial Loans of the Russell Sage Foundation was organized. All here know something of its activities and the results of them. Giving the movement due credit, we must admit that indirectly, at least, all modern small loan legislation is the result!"

Continuing, Dr. Robinson said: "It is not necessary for me to tell you, gentlemen, that Mr. Ham was the man in charge of this work carried on by the Russell Sage Foundation. Mr. Ham resigned in the early part of 1919. His resignation was a great blow to the loan business, but there are, fortunately, plenty of men of vision in the business itself who are determined that progress shall not stop and that the momentum already gained shall not be lost."

I should like to repeat a part of the last paragraph of Dr. Robinson's speech, for if we are looking for a reason to justify the survey, it seems to me we have it in these lines, *"There are, fortunately, plenty of men of vision in the business itself who are determined that progress shall not stop and that the momentum already gained shall not be lost."*

Progress is rather a difficult word to define. It is largely a matter of degree and in its relation to any movement its limitation is determined to a great extent by the efforts those interested put forth. No report of progress in connection with any movement is complete that does not reckon with the study which intelligent, capable men have given the subject.

You are all familiar with the fact that Dr. Robinson was engaged originally by a group of lenders, however, after several months the Russell Sage Foundation, impressed with the sincerity of the men behind the movement, and believing that it would accomplish a great deal of good, was prompted to take over the survey January first, and Dr. Robinson is going on with his work under their supervision.

This, of itself, must be very gratifying to everyone in the loan business. It speaks well of the work and the man who is doing it, and it also removes any doubt which might exist in the minds of any who were inclined to question the good motives behind anything the lenders themselves might do.

Many of you have filled out questionnaires gotten up by Dr. Robinson to be used in his study of the borrower. The information contained on these questionnaires is to be transcribed to punch cards, and later the punch cards will be run through tabulating machines that count them automatically. A set of questionnaires is being collected from all over the country, and at various seasons so that the information will amount to a census that will be typical of the entire year.

A Legal Survey is also under way, the scope of which is as follows:

1. A statement of and reference to the statutes regulating the rate of interest chargeable in the states and territories of the United States including (a) general legislation, (b) pawnbrokers, (c) small loans, (d) investment companies, etc.

2. An analysis of the principal details of existing small loan legislation and statutes under which small loans are made.

3. An examination of the earlier statutes governing the rates of interest to be charged on small loans.

4. A study of the decisions construing the Uniform Small Loan Law and similar legislation.

5. The constitutionality of small loan legislation, without special reference to the particular constitutions of the various states.

6. What is the business regulated: to wit, what is the business of loaning money and what is the loan use, or forbearance of money?

7. A general statement of the main legal principles, methods and devices used by lenders, with a reference to decide cases.

The work in connection with the Legal Research above referred to is being handled by Messrs. Hilborn and Hubachek under the direction of Dr. Robinson

It may be of interest to you to know that a study of the small loan business in Europe, by some people working over there under Dr. Robinson's direction, is nearly completed and will be included in the history which Dr. Robinson proposes to write.

It is becoming increasingly difficult to impress legislators in legal rate states with the necessity for the three and one-half per cent rate. This is due somewhat to the fact that since the Uniform Law has been in effect for several years in most states where it operates, the days when people paid 10% to 20% per month are practically forgotten and there is more tendency now to compare the 3½% rate with the interest rates charged by banks. Little progress is being made toward getting the uniform law enacted in states where there is no law effecting the small loan business, notwithstanding the efforts which have been put forth. Legislators are hard to convince that 3½% per month is a fair and just rate. To this some of you, who have had a part in legislative work, will agree, and we have nothing to prove our case except our own argument, that a lesser rate would not permit those engaged in the money lending business to make a fair return on their money.

We can refer to a mass of printed matter such as speeches made before conventions, indorsements of various civic and welfare organizations, and the like, but with the exception of what has been written by Mr. Ham and that deals with conditions as they existed eight or ten years ago, we have absolutely nothing which represents an up-to-date, thoroughly honest, scientific study of the business from every angle.

The business of making small loans is a very necessary one and is as reputable as any other business when it is properly conducted, but we need the facts to show the public, not merely the facts as we know them, but the whole truth that a survey conducted by a man of Dr. Robinson's caliber and under the auspices of the Sage Foundation will bring out.

I believe, most lenders want only a square deal. I feel absolutely certain they will get that and that ultimately this survey will have proven its value by bringing about a better understanding between lenders and the public, by further justifying a greater interest rate than that charged by banks, and by adding respectability to a business that has been abused and misunderstood for many, many years, but which is making great strides forward and which will finally be classed with other forms of banking, where it rightfully belongs.

Maurice S. Kent of Indianapolis gave a talk on "How to Decrease Your Losses on Account of Skips."

"How to reduce your losses on account of skips," is a very embarrassing subject for me to speak on. You will realize why when you stop to consider that there are men present here who were able and very successful loan men long before my birth.

Anyway we younger managers to-day take too much credit for being able to conduct a successful office. We are really profiting by the mistakes and experiences of the older men. The pioneers deserve most of the credit as it is largely through their untiring efforts that we are in a position to operate to-day and have a nice clean legitimate business.

Getting a good application is the most important part of the deal in regard to reducing skips according to my views. If this large or reference application is taken properly you will lose no business over it. Just explain to the customer that it is not used as reference that as soon as he signs the papers he will get the money. Tell him it would be very foolish for you to give him your money and investigate afterwards. This is usually sufficient and no further explanation is necessary. When you get this application get everything possible on it and write it down, don't trust to memory. Be sure to have the husband's and wife's father's and mother's name and address, also the names of the children and the school they attend or their places of employment. You cannot get too much on this application. The more you get the better the loan and the less the chance of having a skip on your hands.

Next explain the deal thoroughly, let the customer know just what you expect of him. Be sure to make it clear that it is not in accordance with the State Laws to move mortgaged property and that they must be sure to notify you before they move if they ever have to.

If the customer is a renewal check over the security with him verbally and ask him if he still has every piece listed. Check over the large reference application also and make the necessary changes on it if there are any. After a renewal is made more especially if the man is a renter, put the application in the route and let the outside man verify the address and security if you think that necessary.

When a customer makes a payment be sure to ask him his address. This not only keeps you in close touch with your man but also prevents the error of getting the payment credited to the wrong card.

If a customer is out of town, write him a letter every two days no matter how far he has skipped. Keep on writing and don't give up. This usually gets something out of him if its only a protest against your methods.

If you can't get a payment out of him by mail here's where your association comes in. Send it to a brother member with every possible bit of information you can think of right down to the smallest detail. It might help to collect your account.

Some of you may not agree with me but please be charitable as I gave my opinions with nothing but a helpful motive in view. When Mr. Hartz asked me to speak I wasn't going to make it possible for him to say that Kent is the kind of a fellow who always wants George to do it. I thank you.

H. H. Burrell of the committee appointed on educational publicity reported committee favored an educational campaign and recommended that $1,000.00 be appropriated for this purpose.

It was moved and carried that an appropriation be made not to exceed $1,000 for an educational campaign and that the same committee be empowered to take charge and employ some agency to prepare the copy, etc.

A resolution was offered as follows: Any member who is more than six months delinquent in dues, and a registered letter has been sent demanding payment by the secretary, will be automatically suspended after thirty days from date of letter from membership in the association, but may be re-instated within six months by paying dues due to date. Carried.

The Auditing Committee, reported as follows: This is to certify that we have audited the books of W. R. Hancock, Treasurer of the Indiana Industrial Lenders Association and find them all right. The balance three thousand, one hundred and sixty dollars and sixty cents ($3,160.60) is correct per statement of Bankers Trust Company attached.

(Signed) George C. Grinsteiner,
H. E. Arnett.

Election of Officers.

Fred Davies, president; W. G. Chandler, 1st vice-president; John McGregor, 2nd vice-president; W. R. Hancock, treasurer; Roy F. Hartz, secretary; executive committee, George L. Clupper, George Farrington, A. C. Broughman, C. E. Clift.

Paid delegates to American Association Convention: F. L. Thompson, H. H. Burrell; alternates, C. E. Clift, C. E. Durnell.

Fred Davies, president has appointed J. H. Aufderheide, chairman of Law Committee; W. A. Zumpfe, chairman of Membership Committee and A. C. Broughman, chairman of Publicity Committee.

It was unquestionably decided that it was not good policy to loan a wife without husband's signature.

Some plan where companies figure interest the same. This was discussed at some length and a motion was made and carried "that the law committee get a report from the state department which shall be sent to all companies setting forth how interest should be computed. Carried.

How long should a loan run before principle payments are required. It was unquestionably decided that the best policy was to secure principle payments each month.

Will small ads bring the same results if all ads are uniform. This question was discussed at some length and might be classed as being an economical question, rather than a business getter; opinions differed. Some agreed to try it, others thought best not.

Would it be better to limit loans to $200.00.

There was no special opinion on this as this subject has been discussed for the past three years and it was suggested that there was as many opinions on this as there were people. However, it was decided by the convention that we should at all times take care of ten dollar loans as well as the larger ones. A call for how many companies made ten dollar loans resulted in every company raising their hands, which proves that Indiana companies are rendering a real service to their customers.

Bankruptcy. What effect has bankruptcy proceedings on a chattel mortgage. If recorded, it is a preferred claim, if not recorded it takes its place along with open accounts, except that it is necessary for the mortgagee to prove that money was actually loaned where the loan was made shortly before the bankruptcy proceedings were filed.

A report was made on the 2% law which was introduced in the last legislature and there is no question if the public were enlightened on how the business is conducted, how the rate applies that there would not be legislation introduced which only proves that no owner, employee should ever overlook an opportunity of telling the public their story.

W. B. Crunk offered a resolution that a rising vote of thanks be given to the Indianapolis members for the hospitality extended during the convention and the excellent convention.

R. F. Hartz, *Secretary.*

CURRENT LEGISLATION.

The Uniform Small Loan Law.—From earliest times the business of lending money for a profit has been regarded with disfavor, and, as a result, has always been subject to drastic legislation.[1] This legislation has been, for the greater part, restrictive in character and generally in the form of prohibiting the charging of more than the statutory rate of interest under penalty of forfeiture or punishment.[2] General usury legislation has been criticized as ineffective,[3] and opposed to economic theory,[4] and its abolition urged.[5] But, whatever may be the wisdom of regulating interest charges in general, there is practically unanimity of opinion in favor of regulating the small loan business. The almost invariable disparity in position of the parties to small loan transaction renders legislative protection to borrowers a necessary safeguard. Most usury legislation has taken no cognizance of the fundamental differences between ordinary commercial loans and small loans for consumptive purposes,[6] grouping the two together and failing to realize that a situation exists in the small loan field which cannot be remedied by legislative fiat, but requires constructive remedial legislation. Under this restrictive legislation business capital has found lawful lending in small amounts to be unprofitable, and has abandoned this business to the so-called loan shark whose charges are exorbitant and demoralizing.[7] Since restrictive legislation leads to greater risks to the lender it merely results in higher charges. So long as a need exists for small loans,[8] it will be met, and if the need cannot be met lawfully, the law will be evaded.[9]

The chief remedies proposed in order to end the loan shark evil have been restrictive legislation, philanthropic lending institutions, coöperative lending associations, governmental lending and legislative encouragement to the introduction of commercial capital into the small loan field. Restrictive legislation has failed to remedy the situation.[10] Philanthropic lending institutions may meet the need of a small number of needy borrowers,[11] but the need for small loans is too great to be adequately met in this way, even if charity be considered an effective cure for an economic evil. Coöperative lending associations[12] meet the needs of their members only. Government lending has as yet met with little serious consideration and its adoption in the near future seems improbable. The most feasible and desirable method seems to be the introduction of commercial capital into the small loan field in sufficient quantities to satisfy the need for small loans at a rate of interest fair to both borrower and lender, and to eliminate the loan shark evil by competition rather than by restriction.

The Uniform Small Loan Law, drafted by a joint committee of the Russell Sage Foundation and the American Association of Small-Loan Brokers, is an attempt to accomplish this result by providing legislation which will protect the honest money lender, secure to him a fair return, and also protect the borrower against exorbitant charges. This law has been enacted with slight variations in eleven states,[13] and with substantial changes in the rate of interest in eight others.[14] It has been held constitutional wherever attacked,[15] the regulation of the money lending business coming under the police power of the states and the classification feature of section 1 of the Act being held reasonable.

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[1] See *Dunham* v. *Gould* (N. Y. 1819) 16 Johns. *367, *376; Webb, *Usury* (1899) §2 *et seq.*

[2] The model for most of the subsequent usury legislation is (1714) St. 12 Anne c. 16.

[3] See *infra,* footnote 9.

[4] See Bentham, *Defense of Usury* (1787) and the writings of the economists of the Classical School.

[5] England has abolished its laws regulating rates of interest. (1854) St. 17 & 18 Vict. c. 90. However, equity protects borrowers against oppressive loans. See The Money-Lenders Act (1900) St. 63 & 64 Vict. c. 51; The Money-Lenders Act (1911) St. 1 & 2 Geo. V. c. 38: Collard, *The Money-Lenders Acts* (1912). However, most American jurisdictions limit the interest which may be charged on loans. See Webb. *op. cit.,* p. 621.

[6] The chief differences are: (1) There is a greater risk in lending money for consumptive purposes than for commercial purposes, since the commercial loan is used in ways which will provide means for repayment. The needy circumstances of the average borrower of a small loan increases the risk. (2) There is a greater operating expense in making small loans. More investigation is required to make a small loan than is usually required in the case of a large commercial loan, due to the greater risk entailed. In addition payments are usually made in small amounts, necessitating more bookkeeping and general overhead expenditure. (3) The consumption loan uses capital; the commercial loan uses credit. As a result the commercial bank may lend to amounts exceeding its capital; the amount which the money lender can loan is limited to his capital.

[7] See Ham, *Chattel Loan Business* (1909) 24 *et seq.;* Davis, Loan Shark Campaign (1914) 5.

[8] See Wassam, *Salary Loan Business in New York City* (1908) 18.

[9] See Ham, *op. cit.,* p. 17; Eubank, *Loan Sharks and Loan Shark Legislation in Illinois* (1917) 8 Journal of the American Institute of Criminal Law and Criminology 69, 72; see Wassam, *op. cit.,* p. 28.

[10] See *supra,* footnotes 7 and 9.

[11] See Ham, *op. cit.,* p. 34; Wassam, *op. cit.,* p. 90.

[12] See (1912) 2 Proceedings of the Academy of Political Science 56.

[13] Ariz., Laws 1919, c. 91; Conn., Act 1919, c. 219: Ga., Laws 1920. No. 741: Ill. Rev. Stat. (Cahill, 1921) c. 74, § § 27-33; Ind.

The Act consists of two main parts, a substantive part and a procedural part designed to enforce the substantive provisions. The salient substantive features of the Act are the provisions allowing any person who has secured a license from the state licensing official to charge an interest of three and one-half per cent a month[16] on unpaid balances in amounts not exceeding three hundred dollars[17] and forbidding unlicensed persons from charging more than the legal rate. The three hundred dollar maximum was made as it was felt that loans of more than that amount were more properly the subject of commercial banking. The chief point of controversy, and the point in which states adopting the Uniform Act in substance have departed from it,[18] has been in regard to the rate of interest of three and one-half per cent per month.[19]

Only those who obtain a license may charge the rate of interest provided for by the Uniform Act,[20] and the power to grant such license is given to the state official in charge of banks who is to grant such license on the payment of a fee of one hundred dollars and the giving of a bond of one thousand dollars conditioned on conforming with the provisions of the Act.[21] The licensing official is given the power to revoke such license for violation of the provisions of the Act upon notice to the licensee and reasonable opportunity for a hearing.[22] For the purpose of enforcing the law, section 10 gives the licensing official or his agents free access to the books and records of all licensed lenders, and the authority to examine under oath all persons whose testimony may be relevant. To further facilitate such investigations, the licensee is required by section 11 to keep his books, papers and records in accordance with rules promulgated by the licensing officials. Furthermore, misleading advertising is prohibited by section 12.

For the purpose of enabling the borrower to know exactly under what conditions he is borrowing the lender is required by section 14 to give him a written statement of the amount, date of the loan, date of the maturity of the loan, nature of the security, if any, the name and address of the lender, and the rate of interest charged. In addition the lender must print beneath this information a copy of Section 13 of the Uniform Act. Plain and complete receipts of all payments must be given, and all written evidence of paid loans must be marked "paid" or "cancelled" and any security for such paid loans must be returned to the borrower.[23] The taking of confessions of judgments or powers of attorney from the borrower is prohibited.[24] Recognition of the interest of the family in assignments of wages or chattel mortgages on household furniture is found in the provision of the Act requiring such assignments or mortgages to be signed by both husband and wife if the borrower be married.[25] Under such assignment the lender may collect a maximum of ten per cent of each payment of wages. Section 16 provides that such assignment of wages must be executed simultaneously with the contracting of the loan for which it is security. In addition there are miscellaneous provisions supplementing the foregoing sections and designed to prevent evasions of the Act.[26] A further provision exempts banking companies, trust companies, building and loan associations and licensed pawn brokers from the provisions of the Act.[27]

The Act has been in operation in a number of states for a period sufficient to test its utility. A voluminous mass of material collected by the proponents of the measure [28] testify to its success. This testimony indicates that under the Act the business of money lending has been brought into the light, has changed from an underhanded, semi-legal enterprise which the world stigmatized as loan shark to that of an honorable, commercial venture, while at the same time the interest charges to the borrowing public have been lowered from the former exorbitant amounts of from one hundred per cent to one thousand per cent to a comparatively small rate of forty-two per cent per annum. Conditions under the Act are, of course, not ideal. A rate of three and one-half per cent per month is not the millennium. However, the Act undoubtedly represents an advance. Its method of approach to the problem, providing a remedy for an evil rather than attempting to surpress it, is the only one which can succeed. The experiences of the different states operating under different rates of interest will aid in the determination of the correct rate. Probably no rate will ever be found which is the "correct" rate, for a state wide act must cover territory, the sections of which differ greatly in their needs and ability to support profitably a small loan business. But, whatever be the ultimate solution of the small loan problem, and we may hope that some day improved economic conditions will solve the problem by eliminating it, there can be no doubt that the Uniform Act is an important contribution.—*Columbia Law Review Vol. XXIII, No. 5, May, 1923.*

PENNSYLVANIA.

The regular meeting of the Pennsylvania Industrial Lenders Association was held in Room B of the Chamber of Commerce, Pittsburgh, at 2 p. m Tuesday, May 29, 1923.

The meeting was called to order by Chairman A. V. Hart.

Twenty-one member representatives were present.

REPORT OF OFFICERS.

The Treasurer reported on hand May 29, 1923, $1,97[illegible].15. On motion of Mr. Ezekiel seconded by Mr. Wick this report was accepted.

The Secretary reported 188 licensed

Ann. Stat. (Burns, 1921) § 8271i; Iowa, Laws 1921, c. 35, see (1921) 7 Iowa Law Bul.. 42; Me., Laws 1917, c. 298, amended Me., Laws 1919, c. 163. Md., Laws 1918, c. 88; Pa. Stat. (West, 1920) § § 14099 *et Seq.;* Rhode Island, Laws 1923; Va., Acts 1922, c. 300.

[14] Colo., Laws 1919, c. 159; Mich., Acts 1921, No. 317; Mass. Gen. Laws (1921) c. 140, § 96; N. H., Laws 1917, c. 228; N. Y. Banking Law, Art. 9 (this statue has been criticized as furnishing an inadequate return on small loans—the interest allowed is two percent per month plus small fees—with the result that few licenses to operate under it have been applied for and the greater part of the small loan field has been left in the hands of the loan sharks. See Hilborn, *Philosophy of the Uniform Small Loan Law* (1923) 5; Hodson, *The Fair Rate of Interest for Small Loans* (1923) 113 *et seq.;* Ham, *op. cit.,* p. 10); Ohio Laws 1915, p. 281; Ore., Laws 1915, c. 219 (this Act seems faulty in that it attempts to regulate both pawn loans and small loans in the same act, though the nature of the two types of loans is quite different); Utah Laws 1917, c. 41.

[15] *Commonwealth* v. *Pudor* (1918) 261 Pa. St. 29, 104 Atl. 505, distinguishing *Commonwealth v. Young* (1915) 248 Pa. St. 461, 94 Atl. 141; *People* v. *Stokes* (1917) 281 Ill. 159, 118 N. E. 87; *Harbison* v. *Stamer* (1917) 281 Ill. 450, 118 N. E. 94; *Warren* v. *People* (Colo. 1922) 208 Pac. 459.

Decisions under earlier loan legislation indicate that the uniform act will be held constitutional in other states. See *State* v. *Wickenhoefer* (Del. 1906) 6 Penn. 120, 64 Atl. 273; see also *infra,* footnotes 21, 25, 27.

[16] § 13. A saving section in some acts permits the interest to be computed according to the system used in the Morris Plan, see *Industrial Finance Corp., The Morris Plan* (1915), so as to insure the legality of that method of money lending. See Ariz., Laws 1919, c. 91, § 25.

[17] § 13. This limitation is not found in the Ohio Act. Its presence was the distinguishing feature between the unconstitutional Pennsylvania Act of 1913 and the constitutional Act of 1915. See *Commonwealth* v. *Pudor. Supra,* footnote 15. The New York Act contains an additional limitation restricting the net earnings of a money lender to fifteen per cent.

[18] Colo.—1% per month; Mass.—3% per month; Mich.—3% per month on loans up to $100, 2% per month on loans over $100 and up to $300, plus fees N. H.—3% plus fees; N. Y.—2% plus fees; Ohio—3% per month plus fees: Ore.—3% per month; Utah—3% per month.

[19] As pointed out, a greater interest charge is required in the small loan business than is necessary in commercial banking. See *supra,* footnote 6. The rate of 3½% per month was chosen by the draftsmen of the Uniform Act as one which would be fair to both borrower and lender and as one under which small loan lending could be carried on. It represents a substantial decrease in the rates which borrowers previously had been paying for small loans See *supra,* footnote 7. Several states have adopted different rates (see *supra,* footnote 18) and to this, the failure of the Act in many of these states has been ascribed; it being found that money lenders will not apply for licenses where smaller rates are allowed, perferring rather to take their chances in evading the law. See Hodson, *op. cit.;* Hilborn, *op. cit.,* p. 4; Ham, *Small Loan Law* (1922) 5. The fee system adopted in some states (see *supra,* footnote 18) has been discarded because of the possibility of abuse under such system in favor of the flat rate of 3½% per month, together with only such fees as are charged to the lender for recording any papers made in connection with the loan.

[20] § 17. This is usually considerably more than the so-called legal rate of interest. See Webb, *op. cit.,* p. 621.

[21] § 3. A similar provision in the Ohio Small Loan Act was upheld as constitutional. *Wessell* v. *Timberlake* (1916) 95 Ohio St. 21, 116 N. E. 43. New York requires a bond proportional to the capital of the incorporated money lender.

[22] § 6. A second conviction for charging a higher rate of interest than permissible under § 13 necessitates revocation of the license.

[23] § 14.

[24] § 15. This section was inserted because of the abuses possible under such powers.

[25] § 16. This is not necessary when husband and wife have been living separate and apart for a period of five months prior to such transaction. A provision of the Massachusetts Small Loan Act similar to this was held constitutional. *Mutual Loan Co.* v. *Martell* (1911) 222 U. S. 225, 32 Sup. Ct. 74.

[26] Thus pretended sales or additional charges made to evade the Act are prohibited. Uniform Small Loan Act, § 17. Under the general usury laws the courts have been lenient in regard to the enforcement of usurious loans made in other states. See (1921) 21 Columbia Law Rev. 585. Under section 17 of the Uniform Act, no loan for which a greater rate of interest than is provided for in the Act is to be enforced.

[27] § 19. A provision similar to this in the Louisiana Small Loan Law was declared unconstitutional. *State* v. *Jackson* (1915) 137 La. 742, 69 So. 158. But a similar provision in the Massachusetts Act was declared constitutional. *Mutual Loan Co.* v. *Martell, supra,* footnote 25.

[28] See the publications, some of which have been mentioned above, of the Division of Remedial Loans of the Russell Sage Foundation and of the Legal Reform Bureau to eliminate Loan Shark Evil.

B. E. Henderson.

"Chicago Commerce" May 12th, contains an interesting article on "Aces in Campaign Tell How They Did It" in which one of our members, B. E. Henderson, comes in for the usual distinction of "Double Ace." This is another example of how our members shine in public welfare work.

Here is Mr. Henderson's own story:

In soliciting a prospect for membership I stressed the fact that The Chicago Association of Commerce is strictly a Chicago organization working all of the time for the welfare of Chicago. What helps Chicago, helps everyone in the city from both a social and business standpoint. Therefore I pointed out to the prospect, every reputable business man should be a member and booster for the association. This argument usually won my men.

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lenders in Pennsylvania May 1, 1923, of which 91 are members of our association, 4 of which are delinquent in their dues since January 1, 1923. Sixty-seven of our 91 members are also members of the American I. L. Association. On motion of Mr. Young seconded by Mr. Fahringer the secretary's report was accepted.

Report of Committees.

The secretary reported for the Executive Committee Chairman Webster. The recommendations of the Executive Committee will be found under New Business in these minutes. On motion of Mr. Young seconded by Mr. Loupe, the Executive Committee's report was approved and referred to new business.

Mr. Young reported progress for Membership Committee Chairman Mueller.

The secretary reported progress for Publicity Committee Chairman Moore.

Mr. Ezekiel, chairman of the Entertainment Committee reported progress, plus an invitation to the annual meeting in November at Philadelphia, also the Reading meeting in July.

The Chair reported for Legislative Committee Chairman Kehr. Outlined the work of this committee in detail, which was received with interest.

Unfinished Business.

The following delegates were selected to represent the association at the Louisville Convention of the American Industrial Lenders Association in September. Mr. Young, of Philadelphia, chairman; Messrs. Harris, Kline, Reeves, Wick, Ezekiel, Hart, Mueller, Moss and Webster.

The Chair called attention to the distribution by one of our members of the booklets of Dr. Robinson's address at the November 1922 annual meeting and urged that others, who wish to do educational work, do likewise. This may be accomplished through the secretary's office. On motion of Mr. Young, seconded by Mr. Dunn, the chairman's recommendation was approved.

On motion of Mr. Young, seconded by Mr. Hartman, the observance of the following holidays were recommended to our members as approved by the Executive Committee:

New Year's Day, Monday, January 1st; Washington's Birthday, Thursday, February 22d; Memorial Day, Wednesday, May 30th; Independence Day, Wednesday, July 4th; Labor Day, Monday, September 3d; Armistice Day, Sunday, November 11th; Thanksgiving Day' Thursday, November 29th; Christmas Day, Tuesday, December 25th.

Also other such holidays as the members might desire to observe.

Mr. Young, of the Community Finance Service Incorporation reported having opened an office, nearly exclusively for colored borrowers in Pittsburgh, and that there was a likelihood of a similar office being opened in Philadelphia. The Chair commended Mr. Young and his concern for their endeavor and urged members in these two cities to send their prospective colored borrowers to the Community Finance Service, Incorporated. The Chair called attention, however, to the need of each concern caring for the colored borrower. It is to be supposed that our members will recognize the need of making such loans, otherwise the operation of the Small Loan Law will be ineffective. Mr. Henderson called attention to the need of making a greater number of small loans. This is the result of his legislative experience. This was supplemented by the Chair and Messrs. Ezekiel and Hartman. On motion of Mr. Wick, seconded by Mr. Fahringer the Association most heartily placed itself on record as approving of the making of small loans below $50.00 and that this practice be encouraged to not only advertise to make them, but to actuallv take care of this class of business.

New Business

On motion of Mr. Wick, seconded by Mr. Ezekiel, the Girard Investment Company, 1435 Land Title Bldg., Philadelphia; Peoples Investment Company, Thompson Bldg., Pottsville and the Atlas Loan Society, 339 Fifth Avenue, Room 501, Pittsburgh were elected to membership.

On motion of Mr. Young, seconded by Mr. Thail, the resignation of Mr. Alcott as a member of the Executive Committee was accepted.

On motion of Mr. Young, seconded by Mr. Reeves, Mr. Hess, of Philadelphia, was elected to membership on the Executive Committee.

On motion of Mr. Klein, seconded by Mr. Wick, the bills for the entertainment of today's meeting and banquet of this evening were ordered paid on proper presentation of bills.

The Chair made a further recommendation that all members be urged to eliminate from their literature and advertising matter all statements that had any bearing or were in any wise related to the use of the term "Loan Shark." On motion of Mr. Wick, seconded by Mr. Harris, this was ordered spread on the minutes.

A report by Messrs. Reeves and Watts was made on the companies who are lending money under the guise of purchasing salaries. On motion of Mr. Watts, seconded by Mr. Harris, the Executive Committee was authorized to draw on the treasury for such funds as might be required in our effort to bring the Salary Buyers under proper supervision.

The Chair announced the next meeting of the association would probably be at Reading, on July 24th or 27th, due notice of which will be given in advance. On motion of Mr. Henderson, seconded by Mr. Reeves the very able paper of Mr. Hartman's on the Conduct of the Pittsburgh Exchange Bureau was ordered sent to the editor of the Lenders News and a vote of thanks tendered Mr. Hartman for his address.

Following Mr. Hartman's paper a very general discussion was had on the merits of the Exchange Bureau in the various communities in which they are already in operation.

Mr. Thail of Pittsburgh read Mr. Moss's paper, "Proper Instruction to Borrowers When Loan Is Made." On motion of Mr. Watts, seconded by Mr. Ezekiel, this was ordered forwarded to the editor of Lenders News and a vote of thanks tendered Mr. Moss for his effort.

On motion of Mr. Ezekiel, seconded by Mr. Young, a vote of thanks was tendered the Pittsburgh lenders and their committee for entertainment of our meeting.

There appearing no further business to transact, on motion of Mr. Dunn, seconded by Mr. Harris, the meeting was adjourned.

C. H. Watts,
Secretary.

The dinner and entertainment was held in the banquet room of the Chatham Hotel, at 6:45 and enjoyed by members, friends and guests. Attorneys Levin and Grimes, of Pittsburgh, were the speakers of the evening.

WANTED: LOAN MANAGERS.

Middle aged men (married men preferred) with Chattel or Salary Loan experience, capable of managing a Chattel or Salary Loan office, with company operating a chain of offices.

Address, confidentially, giving full details, experience, etc., L. A. Wagner, 306 Caswell Lock, Milwaukee, Wisconsin.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII. No. 1. JULY, 1923. Price, $1.00 a year.

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JUL 20 1923

CONVENTION NEWS.

Comparatively few suggestions have reached the Chairman of the Program Committee, G. W. Kehr, Harrisburg, Pa., since the date of our last issue, when an invitation was extended to everyone to send in any suggestions that they might have which would help to make the Ninth Annual National Convention at Louisville, September 19 to 22, the most interesting Convention held by the representatives of the industrial loan business. Notwithstanding this fact, we expect to have a good program and a good turn out but we would like the program to represent the wishes of the majority of the members, so suggestions will be welcome and adopted if practicable.

At this early date we have made arrangements for comfortable accommodations at the Seelbach Hotel, where the Convention will be held, but it is necessary for each member to send in his reservations direct to the Hotel on a card which will be provided for the purpose and sent out with our August issue.

The Mayor of Louisville, the Hon. Huston Quin, has consented to deliver the Address of Welcome, and Robert F. Vaughan, one of the leading members of the Louisville Bar, who has been a staunch supporter of decent small loan legislation in Kentucky, will deliver the Address of Welcome in behalf of local members of the A. I. L. A.

Among the other speaker probabilities, we have Walter S. Hilborn, acting Director of the Division of Remedial Loans of the Russell Sage Foundation, Dr. Reginald Heber Smith, Boston, Mass., Dean of E. E. Eubank, Cincinnati University. Dr. Frank L. McVey, Kentucky University, William A. Murphy, Director of the Department of Trade and Commerce of Illinois, Dr. Louis N. Robinson, who is sure to make some interesting remarks upon his study of the small loan business during the past year. Everyone of these men are of high standing and the messages which they will have to bring to our National Convention will be worth hearing.

From a practical standpoint, a few interesting subjects have been suggested but we want many more before deciding on what we shall include in the program. We want good live subjects which will provoke good discussions that will make it worth while for a man who operates an office to make the trip to Louisville.

With this paper will go a questionnaire which will enable the committee to decide from the answers to the questions submitted what the final draft of the program will be. A prompt return of these questionnaires will be greatly appreciated.

NOTICE

Notice is hereby given that the undersigned, members of the National Council of the American Industrial Lenders' Association, hereby recommend that Article 11 of the Constitution of said Association be amended so as to read as follows:

"Dues. Dues in this Association shall be $10.00 for each office for each calendar year, or fraction thereof, and shall be paid by each State Treasurer in organized territory and by the members themselves in unorganized territory, annually in advance, on January first."

The undersigned will propose such amendment for adoption and approval by the Association at its next annual meeting, to be held at Louisville, Kentucky, September 19th to 22nd, 1923.

W. P. Woll,
T. J. Harrison,
F. R. Hubachek,
L. C. Harbison,
W. A. Zumpfe.

"N. F." CONVENTION

The Fifteenth Annual Convention of the National Federation of Remedial Loan Associations was held at the Hotel Martin, Sioux City, Iowa, June 7-9. Eleven of the member societies were represented as follows:

Collateral Loan Co., Boston, Mass., Thos. J. Reid; The Provident Loan Society of New York, N. Y., Arthur H. Ham; Newark Provident Loan Ass'n., Newark, N. J., William F. Davis; Provident Loan Society of Detroit, Mich., John E. Ryan; Chattel Loan Society of New York, N. Y., George H. Loh; Provident Loan Society, St. Paul, Minn., D. S. Coffey; Provident Loan Ass'n., Sioux City, Ia., A. L. Whitmer; San Francisco Remedial Loan Ass'n., San Francisco, Ca., Albert C. Auger; Provident Loan Society, Rochester, N. Y., Fred A. Phillips; Duluth Remedial Loan Ass'n., Duluth, Minn., H. A. Berg; Provident Loan Society, Omaha, Neb., W. E. Palmatier. There were also present by invitation Dr. Louis N. Robinson, of the Russell Sage Foundation, and Nelle M. Beach, State Bank Examiner, of Iowa.

At the opening session the delegates were welcomed to Sioux City by Mr. Britton, President of the Local Chamber of Commerce.

Following the report of the Secretary-Treasurer, J. E. Ryan, of Detroit, an interesting report was made by Dr. Louis N. Robinson on the progress of the survey of the small loan business, which he is making under the auspices of the Russell Sage Foundation.

The problem of raising capital to finance the reasonable growth of remedial loan societies was ably discussed by Albert C. Auger, of San Francisco.

A. L. Whitmer, of Sioux City, presented an interesting paper on good will in the small loan business and the relations that should exist between manager and borrower.

Thos. J. Reid, of Boston, discussed the conducting of public auction sales of unredeemed loans by pawning societies, disposition of surplus, and application of federal and state tax requirements.

A paper by Samuel Wolfort, of the First State Pawners' Society, of Chicago, dealt with stolen property and the relations of the pawning society to the police department.

Albert Knight, assistant manager of the Workingmen's Loan Association, of Providence, R. I., submitted a paper dealing with some of the devices which dishonest borrowers adopt to defeat loan societies, and ways and means of guarding against such frauds.

Each manager present told briefly of his most interesting experience in connection with the small loan business. This produced a lively discussion.

On the evening of June 8, the delegates attended a banquet at the Hotel Martin as guests of Mr. Whitmer. Directors and stockholders of the Provident Loan Association of Sioux City and personal friends of Mr. Whitmer were also present, Mr. Ham acted as toastmaster. Two remarkable addresses were delivered by Rev. Dr. Dooreen, of Kansas City, and Rev. Dr. Perkins, of Council Bluffs. Both of these addresses dealt in the main with the ethics that should prevail in present day business, with special reference to the small loan business.

At a business session the officers of the Federation were re-elected as follows: Arthur H. Ham, of New York City, Chairman; D. S. Coffey, of St. Paul, Minn., Vice-Chairman; John E. Ryan, of Detroit, Mich., Secretary-Treasurer; Mr. R. C. Raby counsel, and members of the Executive Committee were reappointed for another year.

No decision was reached as to time and place of the 1924 convention. Cordial invitations were received from Portland, Me., and San Francisco, Cal.

MARYLAND.

The annual business meeting of the Maryland Industrial Lenders Association, was held in the Conference Room of the Merchants and Manufacturers Association Building, No. 22 Light Street, Baltimore, Md., on Tuesday, May 22d, at 2:00 p m. The following members were present:

C. A. Gardner, United Finance and Security Corporation; Claude S. Thomp-

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1922-1923

Chairman, R. M. Rutherford, 175 Fifth Ave., New York.
Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. K. Dolliver, Liberty Bldg., New Haven.
Ga.—A. B. Madison, 103 Central Bldg., Atlanta.
Ill.—L. C. Harbison, 81 E. Madison St., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—C. A. Gardner, 25 W. Baltimore St., Baltimore.
Mass.—W. E. Pool, 63 Court St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—T. L. Gifford, Nicholas Bldg., Toledo.
Pa.—A. V. Hart, 714 Denckla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, J. S. Edge, 201 N. 1st St., Richmond, Va.
Finance, W. P. Woll, 337 W. Madison St., Chicago.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, G. Hodson, 135 Broadway, New York.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—B. L. Lassiter, 215 Atlanta National Bank Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

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son, Beneficial Loan Society; J. D. Goldrick, Union Loan Co.; R. A. Long, Surety Guarantee Co.; R. L. Smith, Reliance Guarantee Co.; Lewis F. Eckhart, Peoples Loan Society; R. L. Ryan, Lend-U-Money Bankers; H. C. Moore, Peoples Finance Service Co.; W. F. Oliver, Jr., Household Finance Service Co.; E. E. Hougham, Coöperative Loan and Investment Co.; J. E. Turner, Community Finance Service Co.; L. H. Pumphrey, Commercial Guarantee Co. and H. T. Mattingly, E. F. Moore and Wm. Young.

In the absence of Chairman Larsen, C. A. Gardner presided.

REPORT OF OFFICERS.

Chairman Larsen's report is incorporated in the enclosed letter addressed to the secretary as follows:

PHILADELPHIA, MAY 22, 1923.

Dear Mr. Moore:

Upon my return to this city from the South, the notice of your meeting called for to-day, and also your kind letter of the 16th inst., was received too late for me to write the requested report so that same would be in your hands for the meeting.

This I regret very much and also the fact that my duties to my employer, will not permit me being present with you to-day. I fully realize that it has been my loss not to have met with you more than the meetings of July, September, October and February, since the great honor was done me by being elected chairman of this association on June 6, 1922.

Judging from the minutes so kindly sent me by you, of the meetings for the months of February, March, April and May they all have been successful and if the good work is carried on as in the past there is no doubt in my mind but that the time will come when all Industrial Lenders of the state of Maryland, will see they cannot afford not to become members and join in our activities.

I was glad to learn that another new member has been obtained and I trust this member will take an active part in all the work of the association.

It was also pleasing to note what our friend, Dr. Robinson had to tell you on May 8th, pertaining to the good report from the Banking Department on members' coöperation.

I have no suggestions to make to you that I think should be brought up at the meeting to-day as I feel none are necessary to carry on the splendid work you all have been doing.

I do look forward to the time when you will have an exchange bureau in operation in your city. One that all are members of and working in coöperation with one another to make it successful.

Trusting you will remember me to all of our members and that I may be able to meet with you in the near future, I am,

Very respectfully yours,
H. H. LARSEN.

REPORT OF SECRETARY MOORE.

To the chairman and members of the Maryland Association:

In taking over the duties of secretary of this association I found a membership of 17 companies all of which were members of the American Industrial Lenders Association with dues paid to date in the State and National Bodies.

I am happy to say we have increased our membership by two and the secretary is going to hold a good thought that i will only be a short period of time unti these members will become members in the National Association.

During the year 9 monthly meetings were held with an average of 15 members in attendance.

Our 19 members have paid in the Treasury $637.45 covering dues for the year. We have collected and turned over to our National Secretary $969.25 covering dues for the year.

All dues in the Maryland Association are paid up to August 1st of this year with the exception of one member who is six months in arrears.

Our treasurer will give you a detailed itemized report covering our expenditures, therefore, I will not dwell upon this subject.

In October of last year ninety per cent of the Baltimore members, who were members of the Merchants and Manufacturers Association contributed $10.00 per office to the Baltimore Week Fund.

It is most pleasing to our secretary to know that each member is contributing most generously to the Baltimore Alliance and other worthy charitable organizations.

At the October monthly meeting, our Association went on record as favoring the $15,000,000 School Loan and it is most gratifying to know the loan passed and our children will reap the benefit of having better school advantages.

Our association favors observing the following holidays through the year, in our offices:

New Year Day, George Washington's Birthday, Decoration Day, Independence Day, Labor Day, Armistice Day. Thanksgiving Day and Christmas Day.

The Entertainment Committee is to be congratulated upon their wisdom in selecting men who are able to prepare most wonderful papers upon real live everyday subjects that pertain to our business. Your secretary enjoys each paper from an educational point of view and he is confident every man present coined many good suggestions, that he can use in his every day business in getting the other fellow's point of view May this good work continue.

E. E. Hougham, of the Executive Committee is to be congratulated upon his ability to draw up an attractive ad I refer to the present ad in the Baltimore Magazine.

It is to be regretted that several committees were not formed earlier in the year in order that they would have had more time to function. I believe in putting every man to work, place him on some committee. It will stimulate interest and our attendance for the coming year will be better and we will have better association meetings, meetings worth while, meetings that will bring messages of cheer, thereby lifting us into a higher and better plane.

In bringing this report to a close, I wish to thank the members for the patience they had with their new secretary and I wish to especially thank Mr. Hougham for his able assistance in acquainting me with the duties.

Respectfully submitted,
H. C. MOORE, *Secretary.*

FINANCIAL REPORT.

Maryland Industrial Lenders Association for the Year Ending May 22, 1923.

Credits.	
Cash on hand close of year 1922	$165 85
Dues collected during year	637 45
Collected for banquet	322 00
	$1,125 30
Debits.	
Emerson for banquet	$312 00
Printing menu	46 50
Paying singer	10 00
L. P. Temple stenographer	30 00
Convention.	
Howard Bryant	50 00
J. J. Wood	34 35
Merchants and Manufacturers Association.	
Southern Md. Truck Line ad*	25 00
Magazine advertising	123 75
Multigraphing letters	99 00
Certificates	13 50
Stationery and stamps	47 75
Design	16 50
Cash on hand	316 95
	$1,125 30

Respectfully submitted,
J. D. GOLDRICK, *Treasurer.*

No written report has been received to date from Executive Committee Chairman Mattingly.

M. & M. ASSOCIATION ACTIVITIES REPORT.

MAY 22, 1923.

To the chairman and members of the Maryland Industrial Lenders Association:

Nothing of importance affecting our interests has come before your committee in connection with the Merchants and Manufacturers Association.

The periodical dinners and also the annual dinner of the association has each and every one had one or more of our members in attendance.

The advertising in the Baltimore magazine has been changed three times. In this connection the writer suggests that the advertizing in this magazine be turned over to the Publicity Committee as the writer has found it difficult to find an advertisement which meets the approval of the whole association.

If the proposed Information Bureau becomes a fact our present standing and friendship in the M. & M. Association will be greatly strengthened and the writer urges the prompt acceptance of the offer of the Retail Merchants Bureau to handle the Information Bureau for us.

Your committee expects to take full advantage of the splendid facilities of the M. & M. Association during the next year and our efforts have been spent adding to and cementing the friendships already formed.

Your committee therefore reports progress of the most constructive type.

E. E. HOUGHAM, *Chairman.*

MEMBERSHIP COMMITTEE REPORT.

To the chairman of the Maryland Industrial Lenders Association.

Owing to the absence of J. J. Wood, chairman of the Membership Committee, I have been asked by the secretary to make a report on the activities of this committee.

On February 12th, Mr. Wood and myself were appointed as members of this committee. Mr. Wood called on several prospects but who they were and what results were obtained I am unable to state at this time due to the fact that we have been unable to reach Mr. Wood.

At our last meeting, on May 8th, we reported that the Standard Finance Company were eligible for membership and they were accepted.

There is a big field here for a committee to get new members and every non-member should be a member of this association.

Respectfully submitted,
W. F. OLIVER, JR.

On motion of E. E. Hougham, seconded by Mr. E. F. Moore, all of the above reports were accepted and ordered filed.

Election of officers on motion of Wm. Young, seconded by E. E. Hougham, the following members were nominated and unanimously elected for the Executive Committee: C. A. Gardner, Claude S. Thompson, H. C. Moore, J. D. Goldrick, H. T. Mattingly, E. E. Hougham and Wm. Young.

The Executive Committee immediately went in session and elected the following association officers:

Chairman, C. A. Gardner; vice-chairman, Claude S. Thompson; secretary, H. C. Moore, treasurer, J. D. Goldrick; chairman Executive Committee, H. T. Mattingly.

Chairman Gardner thanked the members in his impressive way for the honor conferred upon him and assured the members that he would do everything in his power to make our association a larger and better association for the coming year. He also urged close coöperation and loyalty from the members.

Chairman Gardner appointed the following committee chairmen:

Legislative, E. E. Hougham; Membership, Wm. Young; Program, Lewis F. Eckhart; Publicity, L. H. Pumphrey; Reception, E. S. Armstrong; Entertainment, H. T. Mattingly, W. F. Oliver, Jr., C. A. Gardner and E. E. Hougham.

There being no further business to transact the meeting adjourned until Tuesday, June 12th, at 8:00 o'clock.

H. C. MOORE, *Secretary.*

MARYLAND.

The June meeting of the Maryland Industrial Lenders Association was held in the Board Room of the Merchants and Manufacturers Association Building, No. 22 Light Street, Baltimore, Md., on Tuesday, June 12th, at 8:00 o'clock.

Chairman Gardner presided.

The following members were present: C. A. Gardner, United Finance and Security Corporation; G. W. Stancill, Wm. J. Delcher, Jr. and H. C. Moore, Peoples Finance Service Co.; R. L. Smith and Clifford L. Smith, Reliance Guarantee Co. and Surety Guarantee Co.; L. F. Eckhart, F. L. Brust, Roy T. Baseman, Peoples Loan Society; Louis Neimeyer, Commercial Guarantee Co.; C. R. Hathaway, F. M. Ebert and W. F. Oliver, Jr., Household Finance Service Co.; E. E. Hougham, Howard Hood, Coöperative Loan & Investment Co.; F. W. Ferri, C. E. Clift, Beneficial Loan Society; Mr. A. L. Wick, of Philadelphia and A. G. Zimmerman, supervisor of the Beneficial Loan Society.

In the absence of Wm. Young, chairman of the Membership Committee, F. W. Oliver, Jr., reported that he contemplated calling on Mr. Lubkin, manager of Walter L. Westphal and J. J. Wood, manager Credit Service Incorporation and he hoped to report these two prospects for membership at our next meeting.

The secretary read a letter calling the members' attention to a joint meeting of the Merchants and Manufacturers Association and the Kiwanis Club to be held in the way of a business man's luncheon at the Hotel Emerson, June 14th at 12.30 p. m.

Dixon C. Williams, of Chicago, Ill., will be the principal speaker. Mr. Williams is a successful manufacturer. He has been largely and actively in public life in the national way. Mr. Williams has made many effective addresses in our large cities. His speeches are strong, pungent and animated. Mr. Williams' most effective and timely address is entitled *"Which Way,"* this is the one we will hear.

Upon motion of Mr. Wick, seconded by Mr. Eckhart, that the chairman appointed a committee of three to interview the members and urge that they attend this luncheon in a body.

Chairman appointed Messrs. Oliver, Eckhart and Moore to serve on this committee.

The following delegates were appointed to attend the National Convention to be held in Louisville, Ky., September 19-22, 1923. Chairman C. A. Gardner to represent us in the National Council. Mr. E. E. Hougham, special delegate, and Mr. H. T. Mattingly, alternate.

Exchange Committee chairman, Hougham reports progress.

Mr. Wick gave the members a pleasant talk as to the wonderful success the Pittsburgh lenders were having with their exchange, which has been in operation for about six months. This exchange started with nine members and at present has twelve. The exchange is run by one young lady, the average cost per office being $14.00 per month and an average of 40 applications exchanged daily. The lenders are working in complete harmony and are gradually eliminating the doubling up evil.

Mr. Clift of the Beneficial Loan Society advised that the Indianapolis exchange is being run with 14 members. The exchange has been in operation for about 16 years, originally started by 3 lenders. At present there is only one company in Indianapolis who does not belong to the exchange. They have complete records on every name that has passed through the clearing house since 1908. Two girls run the exchange.

Mr. Clift laid special stress upon the wonderful coöperation he found among the managers. The average costs per office range from $13.00 to $25.00 per month. Just as soon as an application is received it is cleared through the exchange by telephone. It is most interesting to know that arrangements have been made in the city with the second hand furniture dealers, who agree to telephone the exchange before purchasing furniture from a housekeeper. The second hand dealer agreeing to take up the loan balance. In this way it is hard for a crook to dispose of his furniture and skip out. Mr. Clift informed us that the loan business in Indianapolis is exceptionally clean, owing to the close coöperation among the lenders and their wonderful exchange system.

It is hoped the Baltimore lenders will be successful in starting their exchange at an early date, incorporating a great number of the ideas that we have coined from successful exchanges in other cities.

New Business.

"The Handling of an Application That Has Been Declined by a Skeptic,"
by C. R. Hathaway, Household Finance Service Co.

Mr. chairman and gentlemen: The subject that I have chosen for discussion to-night is "The Handling of an Application that has been Declined by a Skeptic." I will endeavor to read you a few arguments that can be used to educate this applicant.

There are numerous reasons why applications are declined. One is that the applicant is afraid of us, he believes that our interest is such an exorbitant rate, that we are robbing him. He says he can borrow money at 6% from any Building Association and he does not hesitate to express himself in this way to our outside man on his arrival to write a loan. If our outside representative will then explain to the applicant the methods of our business and take our profits and compare them with the profits of any other business concern, he can prove to the applicant that we are not robbing him. For instance, Mr. Applicant, if you borrow $100.00 from us to buy an article from a furniture house and pay us in six months, you will have paid us $10.50 for the use of our money and surely you have saved more than this amount by buying your article for cash. Another comparison, Mr. Applicant, you say you can borrow money from Building Associations at 6%, now the interest they charge is 6% on the running loan but they also charge a 5% bonus on the first mortgage, and 10 to 25% on the second mortgage, and 25 to 40% on the third mortgage. You, Mr. Applicant, would ninety-nine times out of a hundred be the man that would have to take the second mortgage paying the 10 to 25 bonus, so you see that the charge would be something like 22% interest. Now if you get $100.00 from us at the end of ten months you would have paid us $19.50 for the use of our money, while our interest figures 42% per annum on the volume of our business but is never collected. I would say that it only figures about 22% interest to the individual on the face for one year.

The Morris Plan Loan advertises that they loan money at 6%. When you get your loan from them of $100 they only give you $94.00 taking out the $6.00 interest at once, if you are fortunate enough to pay them back in one month, you will probably pay them $6.00 for the use of their money, while on the other hand a loan of $100.00 for one month from our concern would only cost you $3.50.

I also understand that they loan only on gilt edge security. I mean by this, that it is necessary for the borrower to have two property owners to sign on the note with him. By using this method they secure themselves so they cannot lose. On the other hand we give confidential service and we take a risk that the others do not.

A good many times we make a loan on security on which its value is barely enough to cover the amount of money obtained in cash.

All building financing concerns only loan from one to two thirds of the value of their security. All this proves to you, Mr. Applicant, that all of these financing concerns appear to be only hiding behind that so called 6% rate. Did you ever stop to think that if they only charged you 6% they could not pay you 6% on your savings as most of them do?

If this skeptic is handled in this way or with arguments along this line, you surely will convince him that he is wrong.

Our outside man has an opportunity there to sow seed that will bloom to good will toward our business and surely, gentlemen, he should take advantage of that opportunity, where, on the other hand, if our man leaves just saying "Very well sir, good-day" that man has not the interest of the business at heart and he will absolutely get no where. He has lost sight of the fact that we are bound together as an association. We have our National Convention, our State Convention and our meetings to advertise our business. We try in every way within our power to educate the public to the fairness and justice of our interest rate.

We will all agree that every man has a right to his own opinion but if by holding that opinion he is doing an injustice to another man's business then it is up to us to change it, if we can. It is said that to convince a fool against his will, he will remain of the same opinion still, but this applicant is not a fool, if he was he would have accepted that loan no matter how high the interest might be.

So you see, gentlemen, that we have an intelligent man to deal with and while his opinion is now a small obstacle in our way, if he was ever to hold a public office and be in authority over us, his opinion would prove to be a great obstruction to our business and as I have stated above, if our representative will plant seed that will bloom into good will toward us, even though he does not land the deal, he has made one more friend, that in the future, will not be skeptical to our business.

H. C. Hathaway.

In the absence of Claude Thompson, C. E. Clift read the following paper which was written by Mr. Thompson.

Character and Ability.

By Claude S. Thompson, Beneficial Loan Society.

Analysis of Character.

Character is a matter of honor, both business and personal. From the credit man's point of view, character measures a man's intention or inclination to pay his bills. An investigation should cover an applicant's past history, and must determine whether it has always been an honorable one. An applicant's personal action and deportment serve as a reliable index to his character. If the applicant has a good reputation and high personal honor, or his or her history shows that he or she has never been engaged in any shady transactions, and if they keep good company, we may feel reasonably sure that their character is all it should be. The credit man's eyes are open to many things that influence his estimates negatively, trifles perhaps, yet indications of business irresponsibility, a chance remark, an approval of some flagrant swindle, an exhibition of interest in municipal graft, or an expressed willingness to profit by it, a relish for newspaper scandal, the interlading of conversation with vulgarity—these are among the irrelevant things on which the credit man sometimes bases his refusal of credit.

Many of the best credit men, bankers and financiers, regard character as the most important element of credit factors.

Analysis of Ability.

When the credit man has estimated accurately as he can the character of his customer, he must then consider his ability. A man may be brilliant along technical lines and still fail in financial matters.

In a general way we measure a man's ability through his personal income gained through his own activities. The way in which he was educated, and the kind of experience he has had, throw interesting light on the subject. These things, however, are not definite enough. The manager must be able to form his judgment on facts rather than upon vague impressions and opinions. In order to do this, he must have knowledge in many lines of business in which his customers are engaged so that he can study their ability through their accomplishments. A survey of an applicant's position and a glance through his home will show whether a man is able and efficient or the opposite.

The manager tries to ascertain whether the applicant shows good sense in his relations with the stores that he deals with. Whether he ever buys his wants for the size of his family. If he is extravagant to any means, and what debts he has outstanding that will compare to the salary made. The salary is of most vital importance in the case of making loans. A man may work for a house for ten or twelve years and on the face of the application may be termed as a good man. If investigation is made through the people he works for it is ofttimes found that although he has been employed for a long time with a good reputation, later years have turned his character and destroyed his ability. He may be on the verge of being discharged, forced out or resigning on his own accord. What is his standing? Is it good?

Claude S. Thompson.

W. F. Oliver, Jr., called attention to the members of the sudden death of R. L. Ryan, Manager Lend-U-Money Bankers on June 11th.

E. E. Hougham advised that he had arranged through R. A. Long for a suitable floral design.

Upon motion being made by Mr. Wick, seconded by Mr. Oliver the association commended Mr. Houghman for his thoughtfulness, and the Chair ordered the Treasurer to pay the bill.

Upon due motion the Secretary was instructed to write the family of Mr. Ryan a letter of sympathy.

Upon motion being made by Mr. Oliver, seconded and carried, the association is not to hold monthly meetings during July and August.

It was brought most forcibly to the association by Mr. Oliver citing an incident of where a client of his had applied to another member of the Maryland Association and she declined the loan owing to this member in question, charging a $5 look up fee in taking the application.

Mr. Hougham made a motion that a delegation be appointed to call on this member and get the facts covering this situation.

Chairman Gardner instructed Mr. Oliver to get an affidavit from his client covering this matter. Messrs. Hougham, Oliver and Gardner agreed to sift this matter to the bottom and report the result of their efforts at our next meeting.

No further business to transact, upon motion by Mr. Eckhart, seconded by Mr. Hood, the meeting adjourned until September 11, at 8 p. m. H. C. MOORE. *Secretary.*

RHODE ISLAND.

The regular meeting of the Rhode Island Industrial Lenders was held June 8, at 5:30 p. m. at the Providence Biltmore Hotel, where an appetizing luncheon was served.

The meeting was called to order by chairman Wood and those present were: A. L. Wick, Philadelphia, representing the American Industrial Lenders Association; W. G. Wood, Household Loan Company, Providence; J. H. Wickstrom, People's Finance Service Co., Providence; H. Moran, Mutual Loan Association, Providence; H. T. Chase, Peoples Loan Company, Providence; J. S. Lester, Economy Loan & Investment Co., Providence; F. N. Kennon, Peoples Finance Service Co., Pawtucket; H. Neal, Chester Company, Providence.

The membership committee reported two names for membership which are pending under further advisement.

On motion of Mr. Chase, seconded by Mr. Moran, the initiation fee of $15 to join the Rhode Island Lenders was dropped.

On motion of Mr. Wickstrom, seconded by Mr. Kennon, a bill for $35.25 for printing copies of the new law was paid. Distribution among lawyers and other men interested is to be made with the compliments of the Rhode Island Lenders Association.

A committee of two was appointed to consider and furnish notes and mortgages and other incidentals to be used beginning January 1st and submitted to the banking commissioner for approval.

The advisability of having an exchange bureau came up for a good deal of discussion and while several of the members cannot see the goodness of this arrangement due to complexities, Mr. Wick was promised that at least four members would start the thing going and could expect the others to follow in short order.

J. H. WICKSTROM, *Secretary.*

THE LOAN BUSINESS FROM A WOMAN'S POINT OF VIEW.

By ELLA A. TRAPP.

Up until June 16, 1913, I had no idea that such a business as the "Loan Business" existed. But the "Loan Business" of to-day is quite superior to that of 1913.

The high rate of interest at that time earned for us the name of "Loan Sharks," which poisoned the minds of the public in general. But to-day, this organization is one of the most promising I know of, for the day has come when the small loan business is considered a necessity.

A short time ago while away on my vacation I met a gentleman and in the course of a conversation, he asked me the nature of my business, and I told him it was the "Loan Business." He then said.

"Quite a few years ago while stopping in Pittsburgh a fellow roomer negotiated a loan of $25.00. Not that he was greatly in need, but he put the money in a bank and paid the loan back in small payments at a high rate of interest. By the time he had the loan paid back, he had formed a habit of laying aside those few dollars each pay and continued the practice by placing that amount in the bank each pay-day. The next time I saw my friend, he had quite a large bank account."

A time comes to each and everyone of us when we find ourselves not exactly broke, but as the saying goes, "very badly bent." Perhaps you and I may have a friend or relative who will tide us over our difficulty, but how about the fellow whose friends and relatives are as bad off as he? He's the fellow who appreciates our service and who is going to be our best advertisement.

The "Loan Business" has improved wonderfully in the past eight or ten years and the day will come when all class of people will look upon it in the same light. And what must we do to realize that condition? There is but one answer to this question. We must all coöperate in giving the borrowing public the best we have. And what is the best we have? Our money? No. It is *"service."* "Service" is a word with a great meaning, if we but understand. Each letter has a meaning of its own.

S.—Stands for sincerity. Unless we are sincere in our work, it will not be a success.

E.—for efficiency, which is also a great element to make business successful.

R.—Stands for readiness. We must always be ready and willing to serve our customers.

V.—for valid. A lawful business is the most promising.

I.—Stands for improve, which we should try to do each day.

C.—Stands for cash, the very foundation of our business.

E.—Stands for emotion, which is the most important of the seven, for without that great feeling which makes our work a pleasure to us, there is no interest for anything else pertaining to the business. And if we just work for the dollars we get on pay-day, life will be one long grind.

We spend the best hours of each day at work, then why not make that our greatest pleasure instead of the few hours we have for pleasure each evening.

I sincerely hope that every one who has chosen the loan business as their occupation, will take a great interest in it and will help those who are already interested, in making this one of the greatest organizations ever organized.

ELLA A. TRAPP.

PROPER INSTRUCTIONS TO BORROWER WHEN LOAN IS MADE.

By V. D. MOSS.

We ask the borrowers to read all papers in connection with the loan. Frequently they will not do this. In such cases we explain in detail just what they are, their provisions and so forth, and in addition thereto, call especial attention to the note, and its provisions, and in a state where a Chattel Mortgage is used, attention is also drawn to this paper and its provisions.

At the time of paying the proceeds of a loan to the borrower, the manner in which the loan is made must be explained in detail, as to the size and number of the monthly payments on principal, the rate of interest, and what this will amount to each month, if the several installments on the loan are paid promptly. It is assumed that all of this was explained at the time the application was left, but as is frequently the case, the application is left by one person, whereas the loan is usually made to man and wife, and when these two are seated in the closing room and have signed the necessary papers incident to the transaction, all of the conditions under which the transaction is made must be explained to both of them. We have found it desirable to place in the hands of the customer, a small interest table, with the use of which they can figure the interest quickly. This table plus your explanation as to the number and size of the payments and rate of interest, along with detailed information as to the proper use of the interest table, will enable the borrower to know quite definitely what he is expected to do.

It is highly important to see that the borrowers understand clearly that prompt payment is necessary and more to their advantage than the lender, in that if they find it necessary to borrow money any time in the future the promptness with which the several installments are paid, will to a large extent be the deciding factor in granting further loan accomodations at some time in the future.

It has been found that a great number of accounts become delinquent as a result of carelessness, rather than inability to pay promptly. Here again must an attempt be made to show the borrowers that they are assuming an obligation that must be handled in a business-like way; that the monthly installments must be paid promptly as they become due, and the fact that the loan is granted them, shows that the office has confidence in their honesty and ability to pay, and that any delinquency will be the result of carelessness. A transaction of this nature involving the handling of money, cannot be looked on with indifference and carelessness. It is further pointed out that the loan accommodation is granted them without any undue delay, and that all details have been carefully considered, such as setting the date due on a convenient date; the amount of monthly payments arranged to suit the borrower's income and that all matters pertaining to the loan are agreed upon on a mutual basis, however, with due regard for the underlying principle of service and assisting all in a practical way to straighten out their finances, and in return for this service, we expect the borrowers to handle their end of the transaction with the same regard as we the (lenders) have for the borrower.

The pass book or payment card is handed the borrowers. A detailed explanation is made of it. The interest rate is again pointed out. The non-appearance of interest opposite each of the monthly installments of principle is explained—the borrower is shown that these several amounts cannot be shown, because interest is figured for the exact number of days between payments, on balance of principle, and if any monthly instalment is not paid on the exact due date, the amount of interest (not rate) is automatically changed.

The borrowers are requested to notify the office in advance in the event of them moving. If such removal is out of the city, the account must be paid in full or adjusted in a way that is satisfactory to the manager before they can remove the security given for the loan from the city.

It is further pointed out that in the event of the household goods being stored, that the lender must be notified in advance of such intention, and some arrangements satisfactory to all parties will be worked out by the manager. Before the borrowers leave the office, we explain our willingness to serve them in matters, other than the lending of money. We have found that frequently where the borrowers thought it necessary to employ counsel at a cost to them, to adjust or defend them in legal matters, we have been able to straighten out many such cases without cost to the borrower, when all of the facts are laid before us.

This service we explain to the borrower is in line with our desire to be helpful to them, apart from the lending of money, and we want them to feel at liberty to call on us for such advice as our experience will enable us to give. This service we have found has been helpful to many of our clients and in many cases has saved them money.

PITTSBURG EXCHANGE.

By Martin Hartman.

After months of discussion the loan offices of this city got together and formed the Pittsburgh Industrial Lenders Association for the purpose of establishing an exchange. This was necessary because there was no agency or person outside our business we cared to take a chance on to do this work for us. We thought by doing this through an association of all the members we would make our exchange permanent and we could develop it in any way agreed upon. A committee of three was elected for one year with authority to do all the necessary things to equip an exchange office and get it running. The committee got together at once and all the preliminaries were taken care of and we started to file cards November 1, 1922. It was agreed by each office to have all cards or rather a card for each open account on their books in the exchange within sixty days after November 1st. This was accomplished in scheduled time so January 1, 1923, each office was receiving complete reports on all applications. Considering all the details we had to decide our inexperience and the amount of work dumped into the exchange in so short a time with scarcely a complaint from the members and very few errors on the part of the operator, the committee feels that they engineered a very successful enterprise which has been the means of doing great good in more ways than one. After the cards were in the file we saw just what had been going on here and realized fully that we had a job on our hands to straighten out. All the double, triple and quadruple loans we had made, were discovered. Judging from the number of clips used to fasten like cards together we had about 650 duplicates to settle. This does not mean that we had 650 individual accounts to settle but loans made to 650 persons which would total nearly 2,000 separate accounts. Checking up the offices to date we find that the accounts of 450 persons have been settled so we have remaining about 200. We hope to get the file cleaned of all doubles within the next three months and be relieved of a very unhealthy condition in our business .

The cost of establishing our exchange was $30.00 per member and we started out with a service fee of $20.00 per month per office. The service fee has been reduced twice, first to $18.00 then to $15.00 the amount it now is. The committee can even see another reduction in a short time. When we organized we had nine members, now we have twelve. What the future of our exchange will be is what we make it and if we coöperate in the future as we have thus far there is no doubt but that it will grow and broaden its scope and be of greater service. One feature of the exchange I want to mention in particular and that is the effect it is having on our patrons. It is surprising how our customers have found out about it and it is helping collections considerably. Another result of the exchange is the fellowship it has engendered among the managers. That old suspicion has died out. Each fellow is working to correct his own mistakes and not shift them onto someone else, in fact, there is better feeling in regard to all phases of our business.

When we place the cost of the exchange beside the good it has done, we are compelled to say it is cheap and is one case where our business is getting value received.

IOWA.

A meeting of the Iowa Association was held Thursday, April the 12, at Fort Des Moines Hotel. The address of welcome was given by T. J. Harrison. As there were matters of more importance, all unfinished business was held over until the next meeting.

T. J. Harrison gave a short but very interesting talk on the subject "National Convention" urging all members to be present at our next National Convention, which is to be held at Louisville Kentucky, so that they might learn the importance of their business.

There being no new business the following papers were read:
Why Small Loans Should be Made, C. M. Dehnert; How to Close a Loan, D. L. Esmond; How Can We Better Our Organization, S. Gottlieb; Advertising, H. Hulling; Three and One Half Per Cent, V. Boehm; Educational Advertising Publicity, L. Whitmer; What the Organization Stands For, J. Cherinack; Remarks: Banking Department, Miss N. Beach.

Miss N. Beach's remarks were in the order of a general discussion, this to enable the licensees and the Banking Department to continue the pleasant coöperation which has been experienced in the past.

Thursday evening, April the 12th, the local members invited all the out of town boys to a dinner at the Elks Club, an evening of entertainment followed.

Friday April the 13th, Hon. Arch McFarland spoke on Legislation.

Election of officers: T. J. Harrison, re-elected chairman, Waterloo, Iowa; M. Collins, vice chairman, Ft. Madison, Iowa; C. M. Dehnert, secretary, Des Moines, Iowa; Wm DeBeaulieu, treasuser, Des Moines, Iowa.

Executive Committee: T. J. Harrison, W. C. Marquis, M. Collins, W. L. Glessner,C. M. Dehnert, E. Levitt, Wm. DeBeaulieu.

Friday, April the 13th, 6:30 P. M., Banquet at Younkers Tea Room. Toastmaster T. J. Harrison. All employees of the local companies were invited. Including the speakers there were fifty-eight present. Every one enjoyed the music rendered. The speakers of the evening were: Hon. Lester Thompson, Judge of District Court; Horace S. Hollingsworth, Secretary of Associated Charities; Frank Dunshee, Attorney at Law.

The meeting was a success from every angle and the members realized that great benefit is derived where coöperation prevails.

C. M. Dehnert, *Secretary.*

WHY SHOULD WE MAKE SMALL LOANS?

By C. M. Dehnert.

Those of you who were present at the last state meeting held at Sioux City in January, 1922, will recall that a paper on this subejct was read at that time.

It has been the mistaken idea of some local members of our Association, that to make loans under $50.00 would mean a loss to them. In such cases the customer was informed that unless he borrowed as much as $50.00 or more the loan could not be made.

This particular idea has been in practice up until just recently. What the company expects to gain by such methods is hard to determine, the unfavorable publicity alone, not mentioning the other danger, would readily offset what might be gained in dollars and cents, where a $50.00 minimum is in effect.

We are operating under supervision of the State Banking Department and the Uniform Small Loan Bill which permits a rate of three and one-half per cent interest per month, on small loans arranging from $10 to $300 dollars. By not turning away any small deal we are inspiring confidence in the general public, and to the fullest extent living up to the law.

If we are in the loan business lets help uplift and dignify our business, there is a wide field for improvement as the new law is just in its infancy. It would be appreciated at this time if any member would care to offer suggestions or remarks in connection with this subject.

HOW WE CAN BETTER OUR ORGANIZATION.

By S. Gottlieb.

The Industrial Money Lenders Association of Iowa should theoretically be of immense benefit to every person and organization in this State, engaged in the business of lending money. This Association can have no practical value and no foundation to stand upon, unless it actually accomplishes worth-while things for the benefit of its members, and for the benefit of the general public, at least that part of the public which constitutes our customers and clients. If the members of this association do derive material and actual benefits from their membership, there is no reason why every loan office in the State should not be anxious for membership.

In any organization of this kind, the essential things for its successful and healthy growth are, strength, unity of purpose, harmony of ideas and ideals, and unstinted coöperation of every member. In fact according to the constitution adopted by this organization, the object of the association is to promote the welfare of its members, to protect the borrowing public against usury in procuring small loans to coöperate with the proper legal authorities, and with all licensed members in the proper conduct of the small loan business.

In order to bring this out a little more clearly, we will go back a little and briefly resume the history of the present 3½% loan law under which we licensees operate. The Russel Sage Foundation originally conceived the idea that the licensing of reputable loan companies to make small loans at the rate of 3½% a month, and the uniform adoption of this plan in the various states of the Union would bring about unified plan and system, which would give protection to the borrower as well as to the lender, and would do away with the great diversity of loan rates existing in the various states, and would also greatly tend to overcome the all too common practice of usury. With the moral assistance of many people, this law was passed by the Iowa Legislature.

Now we people who are operating under this law, have organized ourselves together for the purposes named in our constitution. Before we can attain any great success, our organization must be strong and complete. There is no reason why every licensee operating under the present loan law should not be active and helpful members of our association. A campaign to this end would be advisable and give us the necessary strength and enable us to proceed with absolute confidence in our own ability. We would not need to fear any unfavorable action from any non-members of the organization.

In the second place if we have attained this strength of membership we must then make an earnest effort to center our efforts and purposes to the same point. It is apparent that in the organization at the present there is considerable dissension. It may be caused by jealousy but we should all realize that our interests are the same, and the small company and the large company are both equally benefited by anything of benefit to the Association in general, or to all loan companies at large.

The third point which we have made is probably very near a repetition of the second one. If we can bind ourselves together more closely with the same interests in view, we will easily attain the harmony of ideas and ideals which is necessary. Of course we are all more or less in competition with one another, especially we who operate in Des Moines. However, this fact should in no way conflict with our working together for the best interests of the Iowa Industrial Lenders Association. As before stated, anything which is of benefit to each of us, is helpful to all of us. You all know that at this very session of the State Legislature, attempts were made to enact legislation unfavorable to us. It is in cases of this kind that the hearty coöperation of each member of the organization is needed. That is what we mean by the unstinted coöperation of every member of the organization.

It has not been long ago that the money lender was held in contempt in his own community. It is only recently that he has attained a reputable standing in his community, and he is now considered a responsible and upright business man. We believe that if this organization can bring us to religiously live up to the pledges and purposes as enumerated in our constitution, and to infallibly observe our declarations and principals, we can rise still further in the estimation of our fellow towns people. We also believe that the points which we have attempted to briefly develop are the foundations upon which we build a better organization for the benefit of us all.

WHAT IS YOUR RATE OF INTEREST?—OR, THE ESSENTIALITIES OF EXPOUNDING THE 3½% CHARGE IN THE FULL SENSE OF THE WORD.

By V. Boehm.

There was a time, and not entirely eclipsed by the past, when the majority of us who are continuing in the loan business to-day, in legal fields, can more or less recall the reluctance with which we imparted the information when asked by the customer, what is your rate of interest.

To arrive at the cost, the question is invariably asked, is in terms of interest charge, and to intelligently and satisfactorily answer the inquiry we must use this interest term as the fundamental principle.

The Uniform Law having become a reality, should once and for all time expell the propensity of any of us in adhering to anything but interest term in explanation of the cost or charge for loan procured.

It is the art of simplicity that excells in any case, so why should we then when making answer to the customer's inquiry, retard rather than enlighten this form of knowledge by rendering a substitute explanation, or hedging in any other way.

Interest tabulations have always been of a discordant nature, traceable back to the days of Shylock, and just as much in evidence at the present time. As well as we might think our work has been done in making clear the cost, we always experience some difficulties during the life of some deals, inasmuch as the customer being in a quandry or confused as to the why for this and that interest. It is true, and quite fortunately too, that those who are unable to apprehend is small, still it is a condition to be contended with, and I will say that with the minimum of concealment of the interest term at the inception the better the fortification against a future misunderstanding.

Referring now to the manner of explanation, we undoubtedly must leave with the reflection upon the situation existing at that time. In connection with this we all no doubt have our own little methods and procedures, and further development, of course, in the make up of the applicant.

Now, the average run of applicants, and eventually converted into customers, will carry their deals on the regular payment plan, although any number may at first thought put forth their imagination for larger payments or paying in full at any time with a subsequent reduction in cost. However, there actually is a class in respect to this precontract settlement, and if the question were to be asked by a like party, what will this loan cost me, would it not be pretensious to make an exact statement? We are all aware of the two vital factors entering here, unpaid balance and the actual time that the money is used, so that in my estimation to try to approach or explain a stipulated amount is erroneous.

One thing however remains a known quantity, and that is that the charge is a 3½% monthly rate and can be called the scientific rate. Having stood on its merits and possible to do likewise in the future, I would say emphatically expound the term, and with a keeping in mind of the maximum of 42 per cent interest over a period of one year never being reached, and all calculations based on unpaid balances and for the actual time used.

WHAT OUR ORGANIZATION SHOULD STAND FOR.

By Jay Cherniack.

In dealing with this topic the sane and practical, and not the lofty and theoretical ideas should be shown.

An axiom tells us that the whole is equal to the sum of all its parts. This organization can only represent the ideals that each individual member maintains. Its highest aims and purposes cannot be on a higher plane than the average set by its members. The association proper is incorporeal— it is an entente of men who mold and make the base on which the organization shall stand. Therefore it behooves every one of us to conduct our policies on the highest business code of ethics—to maintain an enviable position in our respective communities—to join and affiliate with and become a part and parcel of all civic bodies—to twine ourselves into the business and professional world, that we may enlighten them that our cause is worthy, ethical and deserves a position in the community, the same as is enjoyed by other legitimate business, and make them appreciate the fact that we are a necessity in their business life and eventually when these same business men go to the legislature, they will vindicate our service by upholding our views.

It has been proven many times over, that organizations can do 500 per cent more than individuals in proportion to membership. The association does not demand anything phenomenal from any of its members; it never demands any superhuman efforts or outlay of fabulous sums of money. It merely asks that in order that it may hold the respect of its members and outsiders and do justice to all concerned and serve the purpose for which the organization was formed, we practice just sound business principles based on the golden rule.

In my opinion our organization can be well compared to a mythical gold watch. If our members have their business based on honest principles we all become the jewels and works of the watch; the hands of the watch represent our organization. We all know that the hands will not move unless the works are in motion—even if the works are in motion but if the works do not function properly, the watch will lose time and will be looked upon as of inferior quality—but if the works function properly, the hands, which represent our organization, are always bound to keep correct time—and the public, consisting of our customers, fellow business and professional men and non-borrowers will look at the organization as always correct and they will be well satisfied, and pass the word around that the licensed loan offices are operating in a strict business-like ethical way, and the lenders organization of which you are a member is receiving and giving mutual benefit. Around all of this, our three and one-half per cent law forms a substantial case

The objects and purposes of the organization well state what the organization stands for and it would be well for us to read them occasionally.

LEGISLATION.

By Wm. DeBeaulien.

In a general way I think you are all more or less familiar with the various bills we have had to contend with during the present legislative session. However, I doubt if very many of you realize the amount of time and attention that is actually necessary to devote to a matter of this kind, not only by those engaged in the business but by others who it has been necessary to employ for this special kind of work.

No less than five different bills have been introduced in the House and Senate of this 40th General Assembly and each one has required its own peculiar kind of treatment because we here have five different minds and reasons for introducing these bills to attend to and overcome if possible.

In order to protect our present law and our investment and be assured of success we naturally had to employ men of a high type who understood the handling of this kind of work and who we could depend on.

Since early in the Session we have had three different men in our service who have been devoting their time and efforts in our behalf and they are still on the job. So far we have every reason to believe that we have received high class, intelligent service and have been successful to this date in preventing any of these bills coming to a vote on either the House or Senate floor. But, we are by no means out of the woods and I might say that the next few days, until April the 17th, adjournment day, is probably the most critical period and we must be constantly on the alert to forestall any attempt to railroad any one of these bills through, which, is very often done at the tail end of a Session, especially at a time like this when they are holding night Sessions.

We believe that we have built up a strong and dependable Legislative organization and we want to keep it and take care of it.

In fact we cannot afford to do otherwise, in only two short years we will have this same condition to face again and we must play fair or suffer and it might happen much sooner than two years as it is practically a settled fact that a Special Session will be called this fall.

The local members of this Association held a meeting a few weeks ago, and the unanimous opinion prevailed that we must organize and be prepared for these things and we might just as well face the music now and consider this a part of our business and look upon it as insurance to protect our business and investment.

We protect practically everything of value that we own or have an interest in by some form of insurance or a bond, but foolishly have anywhere from $25,000 to $125,000 invested in a hazardous business with little protection.

What would your business be worth if a law was passed making it impossible for you to continue to operate your business? You could not collect or liquidate 75 cents on the dollar and would be subjected to a heavy expense collecting even that much, and any of you here to-day who think that you cannot afford to pay something for this protection insurance or whatever term you please, would feel like kicking yourself around the block for not having ordinary foresight, if you suddenly woke up some morning and found that a law has been passed forcing you out of business, or if you had to remain in the business, forcing you to double your investment in order to make a decent profit and be able to exist.

Remember, a reduction of only ½ per cent from your present rate on a small office of only $50,000, would mean $250.00 a month and a cut of 1% would mean $500.00 per month or $6,000 a year. You can easily figure out for yourself what it will mean in dollars and cents on a larger investment. If you will give this matter the same serious thought and intelligent attention that you give to your loan applications, I am sure that you will gladly and anxiously contribute your proper share towards this work and the protection of your dollars now invested in your business, and which in many cases represents your entire holdings and on which your entire future depends.

HOW TO CLOSE A LOAN.

By D. L. Esmond.

For me to endeavor to read an article on such a subject, when no doubt every one present knows more than the writer does about the proper way to close a loan, seems a difficult task.

However, I shall tell you the best I can of how I try to do this, which strikes me as being very important in our business, because I believe a loan well closed is largely collected.

After we have the husband and wife in the private offices, the first thing I do is to endeavor to get the parties to talking, in the hope it is some evidence I have sold myself and our organization to them. I find much help in conversation—that I get many good points without the parties seemingly knowing I am so doing just in this way. I try to get a very complete application—relatives and friends names and addresses, place of employment and their total income, then frankly compare in some manner their expenses with their income. If the two nearly or quite equal each other, I sometimes frankly but tactfully question whether they can take care of this obligation, explaining that this is not *an* obligation, but *the* obligation, and that this is not an open account to be taken care of when convenient, but that it is a secured claim done on a definite date and that date I try to drive home.

I believe in absolutely no misrepresentation—no evasion of the fact of just what the loan costs. I try to show the customers that while it is the earnest hope to be very friendly, yet the best friends are those who sometimes may seem temporarily to be exacting. I read every paper to the customer. Make them know exactly what they are about to sign, and the importance of each paper.

I call especial attention to the payment book, mentioning again that these payments are due on a certain date, and also mentioning that the amount written in the book is *not* the total payment, but the principal amount due and that there *is* interest due also, and tell them the amount of at least the first payment interest included.

After everything has been explained I frankly ask them what they are going to do on the date mentioned. They of course usually state they will be in on that date or *before*. I then ask them that if reverses overtake them, what would they do if they find at that time they did not have the money to pay. You all know they will invariably state they will pay anyhow. This I tell them they could not do if they hadn't the money. Then I go over the matter briefly and state that while we are in business for the interest in the loan, which pays some part of our expense, etc., that it has been my experience that when people are caught without the amount to pay the loan, it is easy to say we will take care of it soon.

I then of course tell them frankly that soon is incorrect, that the day arranged for is the day they are to be in the office, and that whether they have the required amount or not, I want them to feel sure they will be in on that day, paying the interest and arranging at that time the day they know they can pay the principal.

SUGGESTIONS WANTED.

To make the National Convention in Louisville, in September worth while in every respect, please send program suggestions at once to Box 778, Harrisburg, Pa.

WANTED: LOAN MANAGERS.

Middle aged men (married men preferred) with Chattel or Salary Loan experience, capable of managing a Chattel or Salary Loan office, with company operating a chain of offices.

Address, confidentially, giving full details, experience, etc., L. A. Wagner, 306 Caswell Lock, Milwaukee, Wisconsin.

OFFICE WANTED.

One of the fast growing national industrial loan systems has some surplus capital which it would like to invest promptly in another office. If you have anything which you wish to sell, please address: Box 778, Harrisburg, Pa.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII. No. 2. AUGUST, 1923. Price, $1.00 a year.

CONVENTION NEWS.

The committees in charge of the big ninth annual convention of the American Industrial Lenders Association, Hotel Seelbach, Louisville, Kentucky, September 19, 20, 21, 22, have not been taking a vacation since our last issue. There is too much to do and the time is drawing very near. The return of some of the questionnaires indicate that the attendance will be good, that the chief suggestion relative to work to be done is educational publicity and include some intimate facts which will probably form the basis of the National Secretary's report at the convention.

Much interest is being manifested in the proposed change in the constitution with respect to dues. Apparently, this proposition will provoke a lively discussion before it is finally settled as it is vital to the continuance of the A. I. L. A., as a live and active organization.

During the month R. C. Aufderheide, chairman of the Registration has appointed the following persons to assist him: H. M. Hardesty, Louisville, Ky.; J. Fred Anderson, Springfield, Ohio; Roy Hartz, Indianapolis, Indiana; B. E. Henderson, Chicago, Ill.; and A. C. Broughman, Marion, Indiana.

Roy Hartz of Indianapolis has been appointed chairman of the reception committee and will in turn appoint representative men from each of the states to be represented to see that everybody is made acquainted and comfortable during the convention.

Dr. Chas. G. Mueller of Philadelphia, will act as chairman of Publicity and will endeavor to direct that work so that it will be interesting and truthful. The speakers outside of our organization will include such notables as Will Pente, the publicity expert of Chicago, Walter S. Hilborn, acting director of the Division of Remedial Loans, Russell Sage Foundation, Dr. Frank L. McVey, President Kentucky University, Earl Edward Eubank, Ph.D., Head of the Department of Social Science, University of Cincinnati, Dr. Louis N. Robinson, who has been engaged for more than a year making a careful survey of the Small Loan business, Matt. Holt, attorney for the Legal Aid Society of Louisville, and the past and present Directors of the Department of Trade and Commerce, Springfield, Illinois, Messrs. Murphy and Ireland.

Every one of these men is a good speaker and each has selected an interesting subject which is sure to contain a message of importance. The rest of the program will not disappoint anyone as it is being shaped to include reports papers and discussions of much interest to industrial lenders.

C. E. Reed has mapped out a program of entertainment and recreation which will measure up to expectations. There will be a dance and banquet as usual and there will be sight-seeing tours possibly culminating in a trip on Saturday to the Mammoth Cave, one of the wonders of the world. Now before you forget it make your reservations at the Seelbach Hotel Louisville, direct on the accompanying post card. Louisville is charming always but particularly in September. Let's all meet there next month.

W. G. WOOD IN EUROPE.

All of our members will be pleased to know that our former National Chairman, W. G. Wood, Providence, R. I., sent the editor a postal card from London, July 18, in which he said the trip was proving both pleasant and beneficial and that he was living among traditions and history. He sends his best regards to everyone and hopes to be back in the grand U. S. A. in time for the National Convention in Louisville in September.

MEMBERSHIP CAMPAIGN.

Although late getting started Tate J. Harrison, National Membership Chairman, of Waterloo, Iowa, now has his campaign for more members in the national organization well organized and well under way. Several timely letters have gone out to non-members with good results. Before the National Convention rolls around, Tate is expecting to show a substantial increase in the national organization membership. We are publishing one of his letters herewith in the hope that if any nonmember has been omitted in the circularizing which is now going on, he will see it here and get in touch with the membership chairman at once.

August 1, 1923.

DEAR LENDER:

So far, the results of my former letter have been very gratifying. I have received many inquiries and requests for further information. I was pleased to find that a great many to whom I had written have recently become members of both their state and the National Organization. Such is the result of better acquaintance.

Things are changing. The wide-awake money-lender belongs to his National association—*The American Industrial Lenders Association.* And why does he join? Not for the fun of it! Not because he wants to "belong" to something—but because his common sense tells him to join. Because he realizes that "united we stand and divided we fall." And because as a member he gets these benefits through the Association's efforts:

1. Fair and square legislation.
2. A better standing in the eyes of the Public.
3. The benefit of the experience of hundreds of fellow-members, in simplifying his accounting methods and reducing operating costs.
4. Free exchange of accurate *credit information.*
5. Assistance in collecting accounts that move out of the city or state. (These are traced and collected through fellow members of the Association.)
6. Because he gets the benefit of plans for better, more uniform, more truthful advertising methods.
7. Because the Association provides opportunities for beneficial social and business intercourse between members.
8. Because the business, as a business, is uplifted and improved in every way.
9. Because it *pays* in dollars and cents *to be a member.*

Your presence, as a member, will add to the strength of the Association—and most of all, it will help your business in many ways.

Will you fill out the membership blank and return it to me?

Yours very truly,
T. J. HARRISON,
Chairman Membership Committee.

NEW JERSEY.

A meeting was held, August 9th, at New Brunswick, an account of which will appear in our next issue.

ADVERTISING ENLISTED FOR AID OF SMALL-LOANS INSTITUTION.

Pennsylvania Organization Shows the Way to Put Newspaper Space to Use in a Manner That Is a Service to Both Lender and Borrower of Small Sums.

How advertising can be used to overcome a popular prejudice, not only as a foundation for future business but also in connection with immediate selling appeal, has been demonstrated in Philadelphia and several other Pennsylvania cities by the Guarantee Loan Company, Inc.

The firm is one of several large corporations operating under the relatively recent small-loan legislation in Pennsylvania and other States, being chartered to make loans to workmen and others without the usual commercial credit in amounts up to $300 to an individual. In common with all the others, it charges

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1922-1923

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Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, G. Hodson, 135 Broadway, New York
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

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Conn.—H. G. McMullin, 757 Main St., Hartford.
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Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

3½ per cent a month—the rate authorized by act of legislature.

In effect, the small-loan companies have taken over the vast lending business formerly done by a type of business man or corporation known as "the loan shark." The methods of lending, and particularly of collection from persons who fail to pay on time, have been revolutionized. These facts, however, are known only to a small proportion of the reading public.

In recognition of that situation the Guarantee company decided on a program of newspaer display advertising which, as stated in the copy, will "Let light into the small-loan business."

Four advertisements were used in the first series in Philadelphia, Camden, Wilkes-Barre and elsewhere with so much success that another series is now being prepared and the campaign is to be continued. Heretofore virtually all the advertising of the loan brokers has been conventional, and even where the rates have been advertised details have not been made known.

The first advertisement of the Guarantee series carried a drawing of a lighted candle in the upper left-hand corner, and beside it the caption "Light on the Small-Loan Business." Then came the following:

> Ten years of intensive investigation have proven that the loan business meets a real, economic need. Legislatures throughout the land, recognizing the fact, have passed laws, setting a fair rate of interest, licensing the lender, requiring a bond for faithful operation and practical supervision by State Departments. Loans are made on household goods without removal, for thousands of different purposes. If you need money in an emergency, do not hesitate to borrow.

The second advertisement in the series was headed "More Light on the Small-Loan Business," and carried an illustration of two lighted candles. The third and fourth bore the caption "Bright Sunlight on the Small-Loan Business," and carried an illustration of a smiling sun. It is set forth in the copy that the bright sunlight "has proved it a necessary link in the structure of this nation. We help in this way: eliminating formality, establishing personal contact between our clients and ourselves, rendering that supreme service in lending—coöperation—based upon intimate knowledge of the borrowers problems and requirements. Loans are made requiring payment on principal and interest each month. No limit on principal payments gives borrower privilege of limiting cost."

It is quite possible that the recognition of the service to be given by advertising could not have been reached without fundamental changes in the small-loan business from what it was ten years ago.

The loan company can honestly advertise to-day that "the dominating idea of our management is that of service" because the records of the business as it is conducted to-day show a marked improvement over the methods of the loan shark. It is stated by V. D. Moss, supervisor for the Guarantee company, that foreclosure sales of household goods on which loans are made are almost unknown to-day in the large small-loan companies.

As part of its advertising campaign the company also circulates by mail and directly to customers reprints by the Russell Sage Foundation of addresses by Arthur H. Ham, second vice-president of the Provident Loan Society of New York, chairman of the National Federation of Remedial Loan Associations, and Walter S. Hilborn, acting director of the Division of Remedial Loans, Russell Sage Foundation.

It has been noted that the display advertising copy has reached a class heretofore not generally included among the customers of the small-loan brokers: men, for instance, earning relatively large salaries, but without banking credit, who have always depended on friends for emergency funds and have fought shy of the small-loan companies.

"The return from this form of advertising, which we have been able to trace, is quite satisfactory, sufficient to indicate that it is worth our while to continue it and perhaps to expand," says Mr. Moss. "But an even more compelling reason for keeping up the new advertising is this response from a wholly new field of customers—a field that should yield big returns if adequately cultivated. We are therefore convinced that to reap the greatest benefits of display educational advertising designed to show that the small-loan broker is not in any way to be compared to the loan shark, it is necessary to continue it, and on as large a scale as possible."—*Printers' Ink, June 28, 1923.*

SYSTEM FOR FILING PAPERS AND RECORDS.

By V. P. Allgaier.

In covering the above subject, I have included filing the following: Current and Delinquent Accounts. Contracts and Bills of Sale. Desk applications. Statements of Maker of Loan. Salary Assignments. List and Look Up Blanks. Power of Attorneys. Notes both active and Loss and Gain Accounts. Communications of all kinds. Copies of Letters. Addresses of the officials under whom we serve. Accounts of our offices in other cities in our territory. Bureau of Exchange Lists. Names of out of town Attorneys. Important Talks, Legal Decisions, etc. Out Town Accounts in Headquarters for collection. Turned downs and Pending Applications. Record of out-going Monthly Reports. Renewed, undesirable, Loss and Gain and Paidup Accounts. Rechecks. Source Sheets and Delinquent Sheet Reports.

Current and Delinquent Accounts.

This is a one card system:

Current and Delinquent Accounts on ledger cards are filed numerically in the days of the month on which they are due, carried in separate Files known as White File and Red File. Current Accounts are carried in White File, containing white markers denoting Current File and up to date accounts. Delinquent Accounts are carried in Red File containing Red Markers denoting Red File and accounts in arrears. We use five notices if necessary before placing accounts in hands of outside man for attention. Accounts requiring number one notice are drawn from the White File, notation made on the card to that effect, refiled in order in the Red File, designated by markers with the word notice placed thereon. Number two, three, four and five notices if necessary are drawn from the Red File and handled same as notice number one. Where delinquent accounts receiving notices and those filed on promise are carried in the same divisions, the accounts receiving notice are filed in front of your notice marker and those carrying promises in the back of your marker. This so when writing accounts requiring further notices, they are readily distinguished from those carrying promises. Route is drawn daily from the Red file carried in the rear of this file, filed alphabetically. When refiling your ledger cards after a days business we suggest that you do not assort them following consecutively according to the days of month in numerical order, but refile them just as they are after placing the entries of the days business thereon. Filing cards that are in consecutive order are more liable to be misfiled than cards where you are not acquainted with what is following.

Notes.

Notes of active accounts are filed numerically in divisions of fifty (50) each Loss and Gain Accounts filed alphabetically and carried in rear of active account note file.

Contracts and Bills of Sale, etc.

Filing Contracts and Bills of Sale, we use the Numerical System, filing both Active and Paidup Accounts together. We have also used this system in carrying the Active and Paidup accounts in separate files; likewise the Alphabetical System both ways as above mentioned discarding them for the reason of extra filing and more chance of misfiling compared to the one we are now using.

Argument.

Numerical System: Filing Active and Paidup Accounts together, requires less work also less chance of misfiling as compared with the other system mentioned for the reason that your contracts being consecutively numbered you can file all of them at one time. No other work necessary except occasionally rearrange them due to your files containing the low numbered contracts are being emptied through renewing accounts and your files containing your higher numbered or recent contracts are being filled by the renewals. To secure space for your future contracts you are obliged to transfer your contracts from your higher numbered files to the lower numbered files. This is only occasionally and requires very little time.

Numerical System: Filing Active and Paidup Accounts separate we figure more work and more chance of misfiling for the reason that you are obliged in addition to taking care of your files as in the Numerical System, filing Active and Paidup Accounts together, you are obliged to refile your Paidup Accounts, transferring them from the Active account file to your Paidup account file; thus causing additional filing and more chance for misfiling. Furthermore in case you do not keep your files in proper order you never know whether your Paidup Contracts are in the Active or Paidup Accounts file.

Should this occur when desiring to locate a Paidup Contract that was not transferred, you will be obliged to look in two places for it; where you expect to find it, in the Paidup Account File and where it is, out of place, in the Active Account File.

Alphabetical System Filing Active and Paidup Accounts together we like very well with the exception of the extra Filing caused by filing the Contracts according letter making it necessary to file each Contract separately. As well as you are sometimes obliged to carry a letter in two files due to not having sufficient space to carry the letter in one file, making it necessary occasionally to look in two files to locate the contract desired.

Desk Applications, List and Lookup Blanks, Salary Assignments, Power of Attorneys and Statements of Maker of Loan are also filed with the Contracts, and Bills of Sale. Placing these forms in the above order named with the Contract Bill of Sale, we consider necessary for convenient use. Your Desk Application is very essential to make up your Ledger Card that is why we have placed it first in order in filing it and to avoid disturbing your papers in their entirety had you filed it in the place of the Statement of the Maker of Loan.

Communications.

All letters received from our officials or their assistants we term Headquarter Mail. This we file in a separate file, which we call the Headquarter file, alphabetically under the letter covering the month in which it is received, except General Letters and those on Vacation Dates. These are filed under Letter covering name of Communication. General Letters under Letter G. Vacation date letters under letter V. Being obliged sometime during the year to refer to these letters, filing them in this way, they are easy to locate; likewise if necessary to refer to any of the other letters, notice is given in a form something like this. Please refer to letter under date of so and so, automatically locating the letter desired.

Copies are taken of all outgoing Headquarter mail and filed alphabetically under letter C denoting copies; except those covering reply which are filed with the letter.

Correspondence in relation to accounts are filed with the contract covering the deal.

Communications received from other sources including our own offices are filed alphabetically under letter covering city or town from which the letter came. This is done for the reason that your memory seems to be more keen in remembering cities or towns than a persons name.

Mail is assorted as received. Headquarter mail being placed on Manager's Desk. Requests for extensions are paired with the Accounts in question and placed in the foreward part of Delinquent Account filed under heading, Letters Today. This prevents cards going astray or being mislaid and keeps them in their proper place; in the file.

Addresses of Officials.

Addresses of officials we place on Ledger Cards and file in the forward part of our current account file, showing business address and telephone number as well as home address and telephone number. Thus making it possible to reach them in or out of business hours.

Names of Out Town Attorneys.

Names of out town Attorneys and collecting agencies who have collected accounts for us and other like names received through inquiry we keep record of in small index book, indexed under name of City or Town in which they are located. Keeping your information in this way, when you have an out town account to place for collection, providing you cannot get Headquarter service, if you have in your list the name of an attorney in the town where your account is by refering to your index under the letter of the name of the City in question you find the information desired. Had you indexed the attorney's name under the letter of his name you most likely would not remember it.

Accounts of Out Town Offices in our Territory.

These names are placed on Ledger Cards, filed in the forward part of our Current file, and checked with new applications received. We also carry these names in our finder index. Records of these names kept in this way keeps your exchange clear and prevents doubling in your own office.

Out Town Accounts in Headquarters for Collection.

We list these accounts on a ledger card showing name and number and file in forward part of our Current Account File, checking them up each month with our Out Town Collection reports.

Bureau of Exchange Lists.

Are filed alphabetically under letter of month in which they are sent out. On days where no lists are issued memorandum is placed in file to this effect. This to keep your record intact and avoid possible argument.

Important Talk, Etc.

Talks on the loan business, important legal decisions, Legislative talks and other papers, cards, etc., are filed in a separate file labeled Miscellaneous, noting kind of literature therein.

Monthly Headquarter Report Record.

Records of Headquarter Monthly reports sent out are placed on Ledger Card and filed in Delinquent Account File for 25th each month. This to remind you to again check your outgoing monthly Headquarter Reports.

Source Sheet, Etc.

Source Sheets and Delinquent Sheet reports are filed separately in consecutive monthly order.

Paid Up Accounts, Etc.

Paidup accounts are filed alphabetically. Renewals, undesirable and Loss and Gain Accounts are filed alphabetically in numerical order.

Turned Us and Pending Applications.

Turned us and Pending Applications are filed alphabetically using a card 2 inches by 4 and showing thereon the following:

Name of Applicant
Address
Amount Applied for
List
Recommended for
Reason for not Borrowing

This gives us a good line on the applicant if he again returns.

Rechecks

Rechecks are assorted daily by the manager from loans made placed in file on his desk and so stamped. New business is also stamped New Deal. This so outside man can readily recognize one from the other when both applications are included in the same days work. We also use file kept on the manager's desk containing the following markers, which is very helpful in caring for these records.

Miscellaneous
Bureau Exchange Lists
Route
Rechecks
Instructions from notes for Auditor
Printing—Received from Supervisor
Printing—Received from Headquarters
Multo Letters
Old Business Active Accounts
Record of Colored, Endorsed and one Signature Deals
Skips
Record of Advertising Mediums on Hand

ADVERTISING.

By Henry Hulling.

How to get business has been for ages the first thought in the minds of men. Next of importance should be how to keep your business. My thought is to start ideas that might be of help to us all.

How To Get Business By Advertising.

There are many mediums through which this can be done, but only a few are adaptable to our business, first newspapers, second direct mail advertising. In your newspaper advertising you are limited as to space and the cost is prohibitive for the industrial lender. In the small space allotted, on account of cost limitation, you must endeavor to incorporate the four essentials of a good advertisement: 1—It must attract and hold attention. Ordinarily it is put in the classified section and must compete with other advertisements, as we have no bargains to offer nor any leader to advertise as merchants rely on to attract attention. 2—It must arouse interest and create desire. 3—It must be persuasive and dignified, but not misleading. Advertising should be suggestive and skillfully lead the reader to make up his mind. Always keep in mind that your advertisement represents the personality of your business. 4—It must determine action, and as you have nothing to sell that your competitor hasn't you must sell advice. Therefore it is necessary that you show plainly the provision you have made to render a distinct service to those in need of money. Get the attention, hold it long enough to create the desire, persuading the reader to act immediately to obtain his desire. In direct mail advertising persistency is the real keynote. The first letter may arouse interest or perhaps only a mild curiosity. A subsequent message may be necessary to persuade and arouse to action. But (don't forget that the satisfied customer is the best advertisement of any business.) Those to whom you have rendered satisfactory service will recommend you to others in need of money. "Advertising is selling and selling is advertising." The permanent results of one, or both, rest upon the satisfaction of the customers.

To get and to keep business, advertise and tell the truth. Always when you have succeeded in opening an account with a customer, you have sold him. But in order that this account may be profitable you must continue selling him. Remember there is small profit in one sale "You must repeat." Quick, courteous and efficient service will get and retain your business. Especially in the large industrial centers where time taken away from ones employment must be profitably utilized. A customer is apapreciative of quick efficient service.

How to advertise resolves itself into a matter of correct, consistent and dignified advertising. To render service that satisfies, to advertise that service and live up to the advertisement. If you do this, you will surely build a business that will withstand any adverse criticism, continually increase your net profits and build for future prosperity.

Last, but not least, forget not the law, forsake not the truth.

OHIO.

The ninth annual convention of the Ohio Loan Association was held August 8th, 9th, 10th, at the accustomed place Hotel Breakers, Cedar Point, Ohio on Lake Erie.

The program consisted of:

Wednesday, August 8, 1923, 2 o'clock p. m.—Call to order by the chairman, J. H. Dyer; welcome address, J. F. Starker, Sandusky, Ohio, traffic manager Lake Shore Electric Railway Co; response, Col. D. H. Pond, Cleveland, Ohio; reports of officers; appointment of committees; miscellaneous business.

Thursday, August 9, 1923, 9:30 a. m.—Managers session; chairman, L. H. Newman, traveling auditor, The Capital Loan Co.

Various Subjects—Discussed By—Various Members.—How can you Release part of Security on a Chattel Mortgage. Can a Manager act as Notary on His Company's Chattel Mortgage? Is it Best Policy to File the Original Mortgage or a Duplicate Thereof? Is it Necessary to Make an Affidavit on the Original in Case a Duplicate is Filed? Is the Filing of a Chattel Mortgage According to Law, notice to the world of your rights in the property described therein? Can One of Your Employees Make Fake Mortgages and pocket the money without you finding it out?

Thursday, August 9, 1923, 2 o'clock, p. m.—Address, "Women in the Small Loan Business," Miss Nellie McKeown, President The Monarch Loan Company, Cincinnati, Ohio; Address, "Good Fellowship," C. G. Liggett, The Beneficial Loan Co.; Address, "Happiness" J. P. White, Superintendent, The Metropolitan Insurance Co., President The Kiwanis Club, Sandusky, Ohio.

Thursday Evening; Usual Good Time, Dancing, etc.

Friday, August 10, 1923, 9:30 a. m.—Address, "A Survey of the Small Loan Business," Dr. Louis N. Robinson, Director the Russell Sage Foundation Swarthmore, Pa.; Reports of Committees; Election of Officers; Miscellaneous Business; Adjournment.

Executive Committee: Col. D. H. Pond, The Economy Savings and Loan Co., Cleveland, Ohio; L. K. Osborne, The Capital Loan Co., Columbus Ohio; Thos. R. Schoonover, The City Loan and Savings Co., Lima, Ohio; J. H. Dyer, Attorney-At-Law, Columbus, Ohio; J. Fred Anderson, Attorney-At-Law, Springfield, Ohio.

Officers: J. H. Dyer, President, 604 Commerce Building, Columbus, Ohio; Hon. Thos. L. Gifford, Vice President, For Ohio in A. I. L. A., Toledo, Ohio; J. Fred Anderson, Secretary-Treasurer, 401 Bushnell Building, Springfield Building, Springfield, Ohio.

PUBLICITY.

A

New York, July, 15.—Men who provide credit for some 2,000,000 persons who are outside the banking pale will meet in Louisville, Ky., when the American Industrial Lenders' Association holds its ninth annual convention, September 19th to 22nd. The Association membership is made up exclusively of those who lend money at the rates fixed by law and represents a combined estimated capital of about $60,000,000. The annual business done by the companies represented in the organization totals about $150,000,000.

The American Industrial Lenders' Association represents the individuals and corporations who have rescued the industrial loan business from a status which was illegal and oppressive and put it on a plane where to-day in twenty-six states these loans are made on the same business like basis that attends the distribution of commercial bank credits.

The Association was organized seven years ago by leaders among "the poor man's bankers" to abolish abuses in their business, and by eliminating the loan shark to remove the stigma from a business as necessary as commercial banking and serving a far more numerous clientele than that of the commercial banks. It has been estimated that 86 per cent of the adult population of the United States are without the credit facilities afforded by commercial banks and in any emergency requiring financing must have recourse to industrial lenders. This large class had been so long exploited by extortionate lenders who flourished in the generally unregulated state of the small loan business that an odium had come to be attached to the name of money lender regardless of the fairness and justness of the individual lender's methods and dealings with borrowers.

It has been, and still is, the consistent aim of the Association to bring the business of money lending under the strict supervision of the law and to make the lender in his relations to clients as responsible as a bank. To this end it has sponsored legislation in the various states which puts the business of making small loans under the supervision of the banking departments, fixes the rate to be charged on loans, provides for inspection of the books by the state and imposes severe penalties for violations of the law. It is only in states possessing this regulatory legislation that members are permitted to operate.

The result of the Association's work is shown in the present status of the legitimatized money lending business. There are now about 500 members of the Association, all of whom are operating under regulation of their business and at the legal interest rate, while the money lending business has been put under supervision in a majority of the states. The law, which most of the states have adopted, is that known as the Uniform Small Loan Act, drafted by the Russell Sage Foundation, the salient feature of which is a provision limiting the interest charges to not more than 3½ per cent a month on unpaid balances of loans. This rate was fixed after actuarial calculation of the elements making for a fair profit, taking into account the extraordinary risks of the business.

B

One of the most exhaustive surveys of a phase of social service ever undertaken, it was announced yesterday (Saturday) will be reported on at the forthcoming convention of the American Industrial Lenders' Association at Louisville, Kentucky, September 19th to 22nd. At that time Dr. Louis N. Robinson, of Swarthmore, Pennsylvania, formerly of the chair of economics of Swarthmore who has been engaged in an investigation of the small loan business in the United States under the auspices of the Russell Sage Foundation, will report on his study.

Dr. Robinson has been engaged in this work for more than a year during which he has visited many cities. His report will show what sort of men are engaged in the small loan business and the classes of people constituting their clientele, the capital invested in the business, the gross loans made, the various emergencies that necessitate a resort to industrial financing, the various laws governing the business, the interest rates charged and the problems peculiar to this class of financing, together with recommendations for improved methods based on his observations.

Dr. Robinson is a sociologist of note who has studied the small loan business for years both in this country and in Europe. His report is eagerly awaited by the members of the American Industrial Lenders' Association, which is an organization of those in the small loan business who operate only in states where the business has been legitimatized and who lend only at the legal rates. His report because of its constructive character is expected to have important results in the conduct of **a** business that has grown enormously within the last decade.

The Robinson survey was undertaken at the direction of the Division of Remedial Loans of the Russell Sage Foundation, which took the initiative about a dozen years ago in a movement to put the small loan business on a scientific basis. It was this movement that resulted in the drafting of a uniform law licensing and regulating the business and fixing a maximum interest rate to be charged on unpaid balances of loans. This law is now in operation in about a score of states and has been found effective in abating the loan shark evil in those states. The Association has received an impetus through the gradual adoption by the states of legislation designed to protect industrial workers in their credit needs and the forthcoming ninth annual convention promises to be one of the largest and most important in its history. The combined capital of companies represented in its membership is estimated at about $60,000,000 and the annual business done by them at $150,000,000 annually.

"Small loans" within the meaning of the law are loans not in excess of $300, and the average loan in this class is $75. They are made to those who lack the ordinary commercial banking credit facilities because they are unable to offer the sort of collateral which the law requires such banks to obtain for their loans. For many years the small loan business was conducted on a plane of cruel exploitation of the necessitous borrower, interest rates of from 100 per cent to 1,000 per cent a year being charged for the use of the small sums lent.

It was this abuse that led a commission of financiers, economists and social service students to study the small loan field with a view to eliminating the loan shark evil by framing legislation which would encourage respectable capital to engage in the business. The investigations of this commission resulted in the framing of the uniform small loans law, a salient feature of which is the fixing of an interest rate vastly lower than the average charged by the loan shark but at the same time sufficient to enable the lender to operate at a fair profit. This rate, of course, is higher than that permitted to be charged by the commercial banks on their secured loans, the law recognizing that theirs are extraordinary risks in the small loan business and a small ratio of profit.

The importance of the legitimized lending business is indicated by the estimate accepted by bankers that 86 per cent of the adult population are without credit facilities afforded by commercial banks. In any emergency requiring financing, such as sickness, unemployment, death in the family or the like, a large percentage of this class at some time or other must have recourse for their financing to the industrial lender.

C

New York, July 29, 1923.—A survey of the credit accommodations available to the American people, it was announced to-day by the American Industrial Lenders' Association, reveals that 86 per cent of the adult population of the United States are without the credit facilities afforded by the commercial banks. This is estimated on the basis that only seven out of every one hundred persons in this country maintain a bank account, that eighty-six in each hundred fail to attain an economic independence. It is this large class that lacks credit requiring collateral acceptable to banks. In any crises in their lives requiring financing such as sickness, death or unemployment, their only recourse must be to industrial lenders and their sole collateral in their characters, earning abilities, unsecured notes or household property.

The credit situation as it relates to industrial financing will be considered in its various phases at the forthcoming convention of the American Industrial Lenders' Association in Louisville, September 19th to 22nd, and it is expected that some constructive recommendations will result from the addresses of several economists who have studied this field and who will be present at the convention. Among them is Dr. Louis N. Robinson, of Swarthmore, Pennsylvania, formerly of the chair of economics at Swarthmore, who will report on a nation-wide survey of the small loan field which he has been conducting for the Russell Sage Foundation for more than a year.

The Association is composed of members known as the "Poor Man's Bankers," who operate only in states where the business of money lending has been legalized by licensing it under the supervision of the banking department and fixing the maximum interest rate that may be charged on unpaid balances of loans. Such states as have adopted adequate legislation protective of both borrower and lender have enacted the uniform small loans law drafted about a dozen years ago by the Russell Sage Foundation as the result of an exhaustive investigation of the small loan field and the extortionate practices then general. This law has had the effect of attracting a high class of lenders to those communities where it is operative and driving out the "loan shark."

The combined capital of loan companies represented in the Association is estimated at $60,000,000 and the annual business done by them at $150,000,000 annually. As small loans are limited to law at not to exceed $300 and as it is estimated that only about 2,000,000 people among the 86 per cent without credit are served by legitimate lenders, it is regarded as vital that additional capital be drawn into the business if any considerable number of those who require industrial financing are to obtain credit without exploitation by usurious lenders. The general extension of the uniform law is regarded as the solution of the problem, as this law sternly prohibits extortion, allowing the lender a fair profit and nothing more, and it is only under such conditions that men of character will enter the field.

D

New York, August.—Ways in which to bring about a better understanding of industrial lending by the public will be among the principal considerations of the forthcoming convention of the American Industrial Lenders' Association in Louisville, September 19th to 22nd, it was announced to-day at the headquarters of the Association here.

Leaders in the industrial lending field are convinced from their experience in states which have already adopted laws regulating their business that once the public fully understands the legislation proposed there will be an insistent demand everywhere for the enactment of such laws. In about a score of the states laws are now in effect licensing lenders, fixing a maximum interest rate that may be charged on unpaid balances, and providing penalities for violations of the law.

Industrial lenders are unique in this particular, for while the cry among most branches of trade and commerce is for less regulation by government, the men who are the sole purveyers of credit to industrial classes are urging that their business be subject to a state supervision as rigid as that exercised over the operations of commercial banks. Their contention is that this is necessary both for the protection of the borrower and for those who supply him with credit, and they contend that without this strict supervision there can be no adequate correction of the abuses that have characterized such business in the past.

Wherever regulatory laws are in effect, it is claimed, they have resulted in the correction of the "loan shark" evil, and legitimate lenders in advocating regulatory laws are merely asking that the state make extortionate interest rates impossible by fixing a legal rate fair to both borrower and lender, and punishing the lenders who charge in excess of this rate or otherwise violate the law.

The membership of the American Industrial Lenders' Association is composed exclusively of lenders who operate only under the legal interest rate. They are known as "the poor man's bankers," representing a combined capital of $60,000,000 with annual loans aggregating $150,000,000.

Release A was sent to a selected list of newspaper throughout the country for publication July 16.

Release B, to New York City and Brooklyn, Boston, Philadelphia, Pittsburgh, Reading and Cincinnati Sunday papers and to Press Associations, for July 29.

Release C, written specially for the United Press Mail Service, for July 30.

..Release D, to selected list of newspapers throughout the country, for August 6.

If your local papers have not published any of the foregoing accounts, will you please see that they do run something about the National Convention within the next month.—Ed.

Dr. C. G. Mueller, Philadelphia has accepted the Publicity Committee Chairmanship and in his characteristic energetic way has addressed the State Secretaries as follows:

"The advent of the big convention of the year which will house the American Industrial Lenders Association Convention at the Hotel Seelbach in Louisville, Ky., on September 19, 20, 21, and 22 is drawing pretty near; too near for those who are charged with responsibility in making the coming convention eclipse any previous occasion. This does not apply only to the entertainment, but principally to the invaluable good rendered the membership as a whole, the business in general and the prospect of the business in the future.

"The writer has accepted the responsibility of looking after the publicity incidental to this big affair. That means the preparation of publicity items prior to, at the time of and at the close of the convention.

"You and I and most others engaged in the Industrial Loan business know what we are. Our big problem however, is to educate others to know us as we are rather than as they would seem to think we are. This calls for heroic effort. In this your state association has a part to play.

"It will be mighty fine if you will bring this matter up before your association at their next regular meeting. It is a certainty that now is a good time to have a carefully prepared story about the National Convention and the part that your association will take in its success. Then see to it that this finds a place in some of the leading newspapers. In many instances the Convention being of national scope can be flavored with local color by mentioning the names of prominent or active lenders in their respective cities. As most of the lenders are consistent and prolific advertisers there ought to be no difficulty about getting a story in the newspapers that has to do with the proposed activities of the Convention and the participation of local lenders in connection with it.

"In some state associations they have paid publicity experts. May I not prevail on your association to approve and instruct your publicity agent to prepare and broadcast the information above referred to.

"Please be assured that the Publicity Committee invites your earnest help and urges you not to withhold your splendid ideas regarding publicity. Your every suggestion will have careful consideration; consistent with available funds, they will be carried out.

"Heretofore publicity concerning the American Association Convention activities have frequently been criticised for the failure of the articles to state the facts correctly. The present purpose of your Publicity Committee is to anticipate this situation by assembling all the finest thoughts in connection with the business and projecting them as a matter of public education through carefully prepared, advance copy. You will do your part in helping the Committee broadcast accurate, authentic, educational publicity, will you not?"

CREDIT UNIONS.

It would seem that all the pioneer work done by the Division of Remedial Loans of the Russell Sage Foundation, New York and the National Federation of Remedial Loan Associations the past fourteen years to say nothing of the part taken by the American Industrial Lenders Association since 1917 to improve small conditions in this country has apparently been completely ignored by the enthusiastic "Credit Union Propagandists."

We find newspapers and periodicals teeming with editorials and statements singing the virtues of these coöperative financial institutions which have had some local success in Massachusetts, Rhode Island, New York and North Carolina and one who does not know, think or investigate might be lead to believe that this comparatively recent form of finance in this country was a panacea for about every financial ill with which the industrial states may be afflicted. The objective of the Credit Unionists, namely, the elimination of the loan shark, is similar to that which the above mentioned remedial agencies that have been working constructively to improve small loan conditions for years but the means of bringing about the desired results are widely different. The Credit Unionists would like to put their law on the statute books of every state in the union and establish, at the expense of the public, an elaborate educational and supervisory bureau in the respective banking departments and if by the accomplishment it is necessary to pull down constructive small loan laws which are a real relief to former conditions in the states where it has taken years for their enactment and perfection that makes no difference to them. To one who is familiar with the movement to improve small loan conditions and knows something about the necessities and conditions of the business and the inability of the credit unions to meet the situation only in a very narrow and limited way we are prompted to notify the decent industrial lenders of the U. S. A. that they may as well begin now to meet this false propaganda which is being projected at their expense. Whether it be religion, politics or business, little progress is made by knocking the other fellow. For your information we are reprinting some of the clippings which have come into our possession recently. By and by we will review in these columns possibly a book recently published by Macmillan Co., New York, entitled, Coöperative Banking, by Roy T. Bergengren, the Executive Secretary of the National Credit Union Extension Bureau, Boston, Mass. Some interesting references are made to the Uniform Small Loan Law and Loan Sharks in this book comment upon which will be deferred until a later issue.

Babson Institute, Babson Park (Boston) Mass., is responsible for the circulation of the following statement under the caption "The Loan Shark."

"We are not going to tell you to keep away from the loan sharks. We realize that there are emergencies when more money is needed. Moreover, in far too many cases the loan shark is the only avenue of ready assistance.

"But did you ever hear of the Credit Union? The Credit Union idea has been active in Europe for many years. The idea is simply this: First, it is a place where people who temporarily need additional funds can turn to. The Credit Union differs from the Morris Plan Bank, which is financed by private interests, in that it is sustained by legislation from the various states and gets its resources from members or subscribers by a small initiation charge and regular dues periodically in small sums. In this respect it is similar to the operation of a coöperative bank.

"The Credit Union in this country was legalized in the state of Massachusetts some years ago. Right now there is available Credit Union legislation in seven other states; legislation is pending in eleven more states and it is soon to be introduced in five additional states.

"A few states still make it legally possible for a loan shark to secure 42% interest on a loan. Therefore, if an emergency arises, before going to a typical loan shark endeavor first to find out if there is a Credit Union in your locality. You will still have to give satisfactory proof of your ability to pay back the loan, you must still have character, you must still have some security for the loan. Moreover, you will have to pay for the accommodation because the expenses of running such an institution covering such loans as the average small borrower needs are higher than the typical banking institution, which loans, we might say, at wholesale.

"However, you will not have to pay such exorbitant rates as the loan sharks demand. And you will not put your neck in a noose, leaving the other end of the rope in the hands of unscrupulous lenders of money. If you want information as to the location of the nearest Credit Union you are entitled, by virtue of your company subscription to this service, to write in to us regarding such matters."

Editorially *Collier's Weekly* Says July 21, Following the Headline, "How to Give Loan Sharks the Sock."

"Groups of people, a farm community—the wage earners of a store, office, factory, or parish—now band together, pool their credit, and make loans too small for ordinary banks to handle. As organized all over our land, these groups are known as credit unions or poor men's banks. They are coöperative thrift clubs, unions for self-protection and self-help. Their purpose is not to make a profit, but to benefit the borrower. The sock is their weapon of finance, and the loan hark knows now how deadly it is when oaded with coined metal. In our cities his community sock is weighted with imes and dollars ordinarily wasted or oarded. The credit unions thus create housands of new savers. In rural comunities they collect small savings with hich the farmer, especially the renter, an buy fertilizers, machinery, and other ecessities from 40 to 60 per cent cheaper han when he runs a bill at the store. The American credit-union sock to-day, fter about six years, has some $8,000,000 n its toe. Our economists estimate that wo to three billions of our gold, silver, nd paper money is hoarded. Think what hat may be made to mean for the finanial future of our earners.

"If any group of our readers wants to tart a credit union, Collier's will be glad o get them the needed information."

Another Editorial from Colliers Weekly August 4, "Can a Banker See a Cow?" said:

"The bank that will lend a young farmer money to buy a cow and then take ay for the loan in milk checks does not val orthodox banking, but helps it. This iniature bank usually has a desk and hair in one corner of some factory or tore. It specializes in thrift deposits of imes and quarters and dollars, providing ts shareholders with a loan fund to rotect them against usurers. All this hould be heartily encouraged by fair-inded bankers. The traders who profit y our wasteful spending, the shylocks who pinch wage earners unable to get mall loans, the sharks who fatten on nfortunates who cannot buy for cash. hese are the only interests which should ppose the rapid growth of such poor men's banks. The members of the eorgia Bankers' Association have gone n record favoring legislation for credit nions in their State. National support f the credit-union movement by all ankers would greatly encourage the most ffective agency known to protect poor eople from loan sharks. If you are interested in thus heading off usurers, *Collier's* will get for you the information ecessary to start the credit union you would like to have in your town or shop."

GEORGIA.

A bill to repeal the Georgia Small Loan Law has not met with favor by the Legislature now in session, but a bill to exempt real estate loans from the provisions of the act appears to have a good chance to pass.

VIRGINIA.

The Regular Quarterly Meeting of the Virginia Industrial Lenders Association was held at Hotel Roanoke Roanoke, Virginia, July 12, 1923.

The business meeting was called to order by Chairman Pope at 2:30 p. m.

The secretary called the Roll, and the following members were present: Citizens Loan Society, of Norfolk; Empire Company, of Norfolk; United Small Loan Corp., of Richmond; Universal Small Loan Corp., of Norfolk; Beneficial Loan Society, of Norfolk;; Beneficial Loan Society, of Portsmouth; Beneficial Loan Society, of Roanoke; Beneficial Loan Society, of Lynchburg.

We also had with us Mr. W. H. Appleby of Norfolk, and Mr. H. S. Northington of Suffolk, representing the Norfolk Security Co., and the Universal Small Loan Corp., respectively.

COMMITTEE REPORTS.

Secretary.

Secretary Bray reported that there was 30 licenses in the state and only 15 members, 11 in good standing with dues paid to date. He stated he had the applications from 5 offices applying for membership, which would be submitted to the members later. On motion of Mr. Cross seconded by Mr. Bradshaw the report of the Secreatry was adopted as read.

Treasurer.

Treasurer Cross reported balance brought forward from 1922 and income received from Dues for the present year $531.62. Disbursements $211.63, leaving cash on hand $289.99, with one bill to be paid. Upon motion of Mr. Bray seconded by Mr. Herbert the report was adopted as read.

Publicity.

Chairman Bradshaw reported that at our last meeting at Norfolk we had a splendid news item run in all the papers of our meeting and he urged all members present to have a report of the present meeting run in the papers of their respective cities. Upon motion of Mr. Pope the local member Mr. Herbert was instructed to get a dozen copies of the report of the meeting run in the local papers and send them to the secretary.

Executive.

In the absence of Chairman Edge, Mr. Pope reported we had had complaints from various members that certain people were charging more than the legal rate and he asked the coöperation of all members to be on the watch and get affidavits from the people who made the complaints and forward them to the secretary and he in turn would take the matter up with the State Banking Examiner. He reported the secretary had brought with him two affidavits from Norfolk, against one office (Non-member of the Association) where they had charged a bonus of $3.50, plus 3½% month interest on two $25.00 loans with endorsed notes as security. The secretary was ordered to take this matter up with the State Banking Dept. at once.

Membership.

In the absence of Chairman McMurtrie, the secretary reported that himself, Mr. Cross, Mr. Bradshaw and Mr. Thompson had been working hard around Norfolk lining up new members, and it was very gratifying to him to be able to report that he had the applications of five offices to present to the meeting at this time, and expected to get four more applications in the near future.

The applications of the Atlantic Small Loan Society Co., of Norfolk, Norfolk Security of Norfolk, Portsmouth Security Co., of Portsmouth, Universal Small Loan Corp., of Suffolk, and United Small Loan Corp. of Richmond.

Each application was voted upon separately and all five companies were unanimously elected to membership.

Owing to resignation it was necessary to elect three new members on the membership committee, and Mr. M. B. Coker, Mr. J. B. Herbert and Mr. C. E. Clift, were elected to take the places of Messrs. Heflin, Prince and Garrett.

Unpaid Bills.

The Treasurer reported that Attorney Carrington's bill of $260.00 was still unpaid, and there was not sufficient funds in the Treasury at the present time to pay it. After some discussion the Treasurer was ordered to draw a check for as much as he could spare, and turn it over to the Secretary, who would send it to Mr. Carrington and explain that we would send the balance as soon as possible.

New Business.

The Secretary stated that if any member had any suggestions to make regarding any speaker of any subject that they would like brought up at the National Convention, he would be glad to forward them on to our National Secretary, Mr. Kehr. It was decided that the members think this over and if they have any suggestions to make send them in direct to Mr. Kehr.

It was decided that we be represented at the National Convention to be held in Louisville, Sept. 19, 20, 21, 22, 1923. Mr. Bray nominated Mr. Bradshaw, of Norfolk, to be delegate from the Virginia Industrial Lenders Association. Mr. Clift seconded the nomination. Upon vote Mr. Bradshaw was unanimously elected.

Mr. Pope of Richmond was elected as Alternate Delegate.

Operation of the Clearing House came up for discussion and Mr. Clift suggested that the members of the different cities got together once a week and suggested a luncheon where the managers could talk things over. Everybody considered this a good plan, and it was left to the members of the different cities to get together themselves.

It was decided that the next meeting be held at Lynchburg, Va., Thursday, October 18, 1923. Time and place to be nnounced later by the entertainment committee, C. E. Clift and S. R. Sutton.

There being no further business to transact the business meeting adjourned.

The members met in the Banquet Hall at 6 p. m. and a splendid time was had by all. Great credit is due Mr. Herbert of Roanoke, for the splendid dinner that was served and getting good speakers to address the members.

The principal speakers were Congressman Woodrum of Roanoke. Mr. G. M. Smithdeal of Richmond, and Mr. T. B. Dickenson, Attorney-at-Law of Roanoke, Va.

A vote of thanks was given to the speakers for their splendid addresses.

FRANK BRAY, *Secretary.*

DOES "A. A." MEMBERSHIP PAY?

DEAR MR. KEHR:

We inquired of you in June for someone in San Francisco to take care of an account, we received very good service from Mr. Albert C. Auger of the San Francisco Remedial Loan Association. We thank you very much for this service.

We are now asking another favor, that is if you could supply us with the name of someone of Los Angeles California who might look up an account for us.

Very truly yours,
AMERICAN LOAN SOCIETY, INC.

The name of our Los Angeles correspondent was given this member.

SENATOR MOSES DEALS BLOW TO CAPITAL LOAN SHARKS.

Senator Moses, of New Hampshire, as Chairman of the Joint Committee on Printing, has dealt a crushing blow to the Washington "loan sharks." Returning from the Republican debacle in Minnesota, the Senator took time out from talking politics to wield his economy ax on the "Official Register," a large volume published by the Government every two years, containing the names, positions and salaries of all civilian employes.

While Federal officials have found the book almost useless to them, it has been invaluable to the "ten percenters," who live on impecunious and improvident Government clerks. Despite the District of Columbia loan shark law, the Shylocks flourish by the simple means of extracting their pound of flesh when the loan is made and then charge the legal rate of interest. Applicants for loans are usually out of luck unless their names are in the "blue book."

Mr. Moses found that it was costing the Government $27,000 every two years to print and bind the book, in addition to $15,000 for its compilation. In his order discontinuing the printing of the volume, he has recommended that the card index, from which it is compiled, now in the hands of the Census Bureau, be turned over to the Civil Service Commission. He says that two clerks can easily handle the index and keep it current.—*Public Ledger, Philadelphia, Monday morning, July 23, 1923.*

FORT WAYNE LENDERS WIDE AWAKE.

Mr. G. W. Kehr,
Harrisburg, Pa.

Dear Sir:

I know you would like to hear what Ft. Wayne is doing with the Publicity advertising that has been launched in this Sate.

We sent out the enclosed letter to about 700 manufacturers and business men, as well as the various Clubs, also enclosing the first large piece of publicity as well as the small enclosure which was copied from the "*News*" of April, from Mr. Whimer's article.

We start our first add (large one) next Wednesday, and send letters out Tuesday (not sent as above stated).

Very cordially yours,
Joseph Baum.

To Manufacturers and Others:

Dear Sirs:

The Indiana Industrial Lenders Association will open a campaign of general information as to the nature of the business as carried on in Indiana and nineteen other States having the Model Loan Law, and we feel sure that this will be most enlightening to you as well as your employees.

The enclosed add, which is our first piece of publicity, will appear on the classified page of the evening *News-Sentinel* of this Wednesday, and others on the classified page on the same day each week for fifty-two weeks.

It is our desire that you would take a few moments of your valuable time each week to read these articles. We also enclose a clipping for your perusal that is informative and worth while reading.

It would also be very much appreciated if you could see your way clear to post these enclosures on your bulletin board for the benefit of your employees (the letter also, if you deem it advisable) and bring them to the attention of the heads of each of your departments.

Respectfully yours,
Ft. Wayne Chapter,
Indiana Industrial Lenders Association.

THE CREDIT UNION.

Announcement that the first credit union charter under authority of the 1923 Indiana credit union law has been granted, and that several applications for charters are now before the board, indicates that there is likely to be some experiment with this form of bank. The law was passed by the Indiana legislature largely as an offer of opportunity to the people. It was sponsored by a national organization formed to combat the loan shark. The plan is sound, the state has thrown around credit unions all of the protection accorded savings banks and the way is open for interested citizens to make the most of the law.

Under the law, any seven persons, residents of Indiana, may apply to the secretary of state for permission to organize a credit union. The union may issue stock or shares, accepting in payment for them the savings of its members. It may make loans to its members in sums not to exceed $500, and it may invest any sums above the money needed for loans in such ways as are legal for savings banks. It has the power to borrow money within safe limits specified in the law and its interest rate on money lent to its members must be reasonable, and not to exceed 8 per cent a year, not collectible in advance. It may pay dividends out of profits, but 20 per cent of the net earnings must go into the reserve fund, which is required to meet contingencies.

The credit union idea of the United States is comparatively new, but returns this year showed $8,000,000 in credit union reserve funds in various parts of the country. In some districts, farmers have made good use of the plan. It is a natural result of the crusade against loan sharks which has resulted in much improvement in the character of people who make a business of small loans. The theory is that a group of persons can benefit by sharing their savings and credit under adequate supervision. If the plan does no more than create employment for the hoarded money in the United States estimated at $2,000,000,000, it will be well worth while.—*Editorial, Indianapolis News July 20, 1923.*

INTEREST ON SMALL LOANS.

A "business woman" writes concerning a lender who charges 42 per cent interest on loans of $300 or less. The lender evidently is a licensee under what is commonly called the "Uniform Small Loan Law," enacted in Illinois in 1917. Its passage was advocated by a number of commercial and philanthropic organizations, and by some of Chicago's leading newspapers on the theory that while the rate seemed high it was so much lower than the 60 to 240 per cent then being charged that there was no doubt as to the advisability of its passage.

In Illinois the business is under the supervision of our department of trade and commerce, the lender's offices are examined regularly in much the same manner as are banks; and, the law as now administered is considered beneficial to the community.

Walter S. Hilborn, acting director of the division of remedial loans, Russell Sage Foundation, New York City, is responsible for the statement that the "uniform law" has been enacted and is in force in Arizona, Connecticut, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Pennsylvania and Rhode Island; and that similar laws have been enacted and are now in force in Colorado, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oregon, Utah and Virginia.

The maximum pawnbrokers rate as provided by law, has been 36 per cent since 1879; and the same maximum is allowed by law to wage loan corporations, which are eleemosynary in their character, the governor appointing one director and the mayor of the city where the corporation operates, appointing another.

The small loan business is of ancient origin. Some writers trace it back for nearly a thousand years. According to Kelly in his "History of Usury," London 1835, licenses were issued by the king in the 13th century, authorizing the making of small loans at rates approximating 43 per cent.

The necessity for a considerable volume of small loans is no longer questioned by those who are familiar with the subject and so far as Illinois is concerned, at least, the only problem is the rate. The rate will go lower when men are found who can and will lend for less.

"Business woman" is greatly mistaken in her estimate of the character and intelligence of the borrower. Generally speaking, they come from that very large class of our citizens who do not own property of any great value but who know what they promise to do and intend to do it and, who would rather pay for their financial accommodations than to impose upon their friends.—*Charles R. Napier, in The Daily News, Chicago, August 11, 1923.*

WANTED: LOAN MANAGERS.

Middle aged men (married men preferred) with Chattel or Salary Loan experience, capable of managing a Chattel or Salary Loan office, with company operating a chain of offices.

Address, confidentially, giving full details, experience, etc. L. A. Wagner, 306 Caswell Block, Milwaukee, Wisconsin.

I WANT A POSITION.

As manager with a good reliable company. Twelve years experience in the chattel loan and discount business. Thirty-three years of age, strictly sober and reliable. Four years with present employer, and can furnish gilt edge references. Willing to go anywhere if position warrants. State all in first letter. Address, Manager, P. O. Box, No. 185 Anderson, Ind.

SEP 20 1923

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL VIII, No. 3. SEPTEMBER, 1923 Price, $1.00 a year.

ALL ABOARD FOR LOUISVILLE.

We are happy to say all arrangements for the ninth annual national convention of the American Industrial Lenders Association which takes place in Louisville, Ky., September 19th to 22nd, are completed. Headquarters and all meetings, the dance, banquet and so forth will be at the Seelbach Hotel.

The committee in charge of the arrangements are gratified with the coöperation received from all who had a part in making up the program and predict that this convention will be a memorable one in the field of industrial financing

While some of the splendor of the Chicago and New York conventions may be missing, prospects point to even some of the achievements of these two big events being surpassed.

The speaker's list includes men of note in the intellectual, social and finance fields. The entertainment will be the good, wholesome kind that refreshes. The business program is good and ought enhance everyone's knowledge and experience who attends. Ample ime is provided for discussions of up-to-the-minute subjects. One subject, that of the suggested change in the constitution relaive to dues will be decided on he issue of whether the A. I. L. A. is to become a social or ive business men's organization. Another policy subject will be our attitude toward the credit nion propaganda. There are a dozen or so subjects of particular nterest to the persons in charge f the practical operation of offices. The prospects of a large epresentative attendance are very good, judging from the reservaions being received at the Seelach. Industrial Lenders from ll parts of the U. S. A. will be here. The program arranged is s follows:

Tuesday, September 18

Registration, Mezzanine Floor, Seelach Hotel.

Wednesday, September 19
9:30 a. m.

The Seelbach Hotel Auditorium, Tenth loor.

Call to Order by the National Chairman. Meet Your Neighbor, R. M. Rutherford; Invocation, Dr. E. L. Powell, astor of the First Christian Church, ouisville; Address of Welcome, Hon. Huston Quin, Mayor of Louisville; Address of Welcome in Behalf of the Local Members, R. F. Vaughan, Esq.; Response and Address by the National Chairman, R. M. Rutherford; Report of the Membership Committee, T. J. Harrison; Report of the Committee on Legislation, C. H. Watts; Report of the Law Committee, F. R. Hubachek; Report of the Publicity Committee, George Hodson; Report of the Finance Committee, W. P. Woll; Report of the Treasurer and Auditing Committee, W. A. Zumpfe, J. S. Edge; Report of the Secretary, G. W. Kehr; Report of the Special Committees.

11 a. m. to 12 m.

Sight-seeing for the ladies.
For information see C. E. Reed
Headquarters Office.

Wednesday, September 19
12:15 p. m.

Convention luncheon at the Seelbach Hotel Auditorium, followed by an open meeting, 2 p. m. to 4 p. m.

Speakers—Matt. J. Holt, Attorney for Legal Aid Society, Louisville; William A. Murphy, Recent Director Department of Trade and Commerce, Springfield, Illinois; The Year's Progress and the Uniform Law, Walter S. Hilborn, Esq., Acting Director Division of Remedial Loans, Russel Sage Foundation, New York City.

4 p. m. to 6 p. m.

A two-hour motor trip in and about Louisville.

8 p. m.

Dancing, the Seelbach Hotel Auditorium. (For those who do not wish to attend the dance, an informal business meeting will be arranged to discuss subjects of interest to those in charge of the practical operation of offices.)

Thursday, September 20
9 a. m.

Advertising the Small Loan Business, Will Pente, Chicago; How the Uniform Law was Enacted in Rhode Island, A. L. Wick, Philadelphia; Educational Publicity, G. W. Farrington, Indianapolis; Should Small Loan Companies be Permitted to Receive Savings and Deposits? Alan K. Dolliver, New Haven, Conn.

Thursday, September 20
2 p. m.

Is the Individual or Chain Office Better for the Borrower? B. E. Henderson, Chicago; The Indiana Publicity Campaign, R. C. Clark, Indianapolis; Banking vs. Money-Lending, P. L. Alberse, Paterson, N. J.; What Constitutes Good-Will? A. R. Dana, Chicago; What Rate Should Be Charged on Endorsed Note Loans? F. B. Merritt, New Brunswick, N. J.; Reputation, Charles R. Napier, Esq., Chicago.

7 p. m.

CONVENTION BANQUET
THE SEELBACH HOTEL AUDITORIUM

Speakers—A Survey of the Small Loan Business: Progress of This Important Study Under the Auspices of the Russell Sage Foundation, Dr. Louis N. Robinson; Small Loans as an Industrial Factor, Dr. Frank L. McVey, President of the University of Kentucky, Lexington; Small Loans and Social Research, Earle Edward Eubank, Ph.D., Head of the Department of Social Science, University of Cincinnati.

Entertainers—Miss Fanny May Baldridge, Louisville, and International Novelty Orchestra.

THE SEELBACH

THE SEELBACH HOTEL, LOUISVILLE, KY. Headquarters of the ninth annual convention of The A. I. L. A.

INDUSTRIAL LENDERS NEWS

Established 1916.

Published monthly by the American Industrial Lenders Association. Edited by the National Secretary. Annual Subscription, $1.00; single copies, 10 cents.

Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1922-1923

Chairman, R. M. Rutherford, 175 Fifth Ave., New York.
Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Conn.—A. K. Dolliver, Liberty Bldg., New Haven.
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Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
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Md.—C. A. Gardner, 25 W. Baltimore St., Baltimore.
Mass.—W. E. Pool, 63 Court St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—A. V. Hart, 714 Denckla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, J. S. Edge, 201 N. 1st St., Richmond, Va.
Finance, W. P. Woll, 337 W. Madison St., Chicago.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, G. Hodson, 135 Broadway, New York
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—F. B. Snyder, 421 Palmer Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

Friday, September 21
9 a. m.

General Discussion—Does it Pay to be too Efficient in Collections? Uniform State Reports; Credit Unions; Credit Exchanges; Publicity; To What Extent Can a Company Enforce Issue on a Note or a Conditional Bill of Sale? Does the Association Approve of Legal Process Being Used to Close an Account? What Constitutes a Slow? Better System of Transferring Accounts; Is the Use of Motorcycles and Automobiles Profitable in Handling Collections and Investigations? How Can an Account be Collected Where a Property Claim Has Been Filed? What is Compounding Interest? What Rate of Interest Does a Judgment Permit after Entry? Current and Future Problems of the Small Loan Business; Is it Profitable to do more than Your Customers Expect? Saving Time and Money for the Borrower by Educating Him to Pay Promptly; How to Convince Borrowers that a Loan is Helpful or Otherwise; The Part Your Customers Play in Building up Your Good-Will; Every Business Should Have a Better Reason for Existing than Merely to Make Money; Short Cuts in Office Systems that Straighten Out Business Curves; Standardizing Office Forms, Accounting, and Publicity; Winning the Confidence of Your Customer and Holding It.

Friday, September 21
2 p. m.

Unfinished Business; New Business; Nomination and Election of Officers and Chairmen of Standing Committees; Announcement of the State That Wins the Attendance Trophy.

Theatre party for the ladies—2 p. m.
Rialto or Keith's National Theatre.
Night—*"Do as you please."*

Saturday, September 22

Trip to Mammoth Cave. Consult C. E. Reed about train schedules.

A business meeting will be arranged for the discussion of subjects of general interest for any who do not wish to take the Cave trip.

RECEPTION COMMITTEE.

R. F. Hartz, *Chairman,* Indianapolis; A. C. Broughman, Marion, Ind.; S. F. Smith, Evansville, Ind.; Joseph Baum, Forty Wayne, Ind.; George Grinsteiner, Indianapolis; A. V. Keeney, South Bend, Ind.; Benjamin Blumberg, Terre Haute, Ind.; L. T. Baker, Chicago; N. Albrecht, Ill.; C. O. Bodin, Joliet, Ill.; J. F. Anderson, Springfield, O.; W. W. Taylor, Sandusky, O.; Col. D. H. Pond, Cleveland, O.; J. H. Dyer, Columbus, O.; T. R. Schoonover, Lima, O.

WHAT STATE WILL WIN THE ATTENDANCE TROPHY THIS YEAR?

Four states have a good chance to have their names inscribed on the attendance trophy this year because the national convention is being held in a city not far away from any of them. Who can guess whether Kentucky, Illinois, Indiana or Ohio will win the cup this year? Each state has an excellent chance to share some of the lustre enjoyed by Illinois and Pennsylvania which captured the cup in 1921 and 1922, respectively.

We have a suspicion that Indiana is planning secretly to register one hundred per cent of its members because the Hoosier boys like to spring surprises.

EASTERN MEMBERS NOTE.

PENNSYLVANIA SYSTEM.
Eastern Region.
Traffic Department.
1535 Chestnut St.

Philadelphia, August 28, 1923.

American Industrial Lenders' Association
Louisville, Ky,. September 19-22, 1923

Mr. A. L. Wick,
1011 Chestnut St.,
Philadelphia, Pa.

Dear Sir:

Referring to interview with Mr. Stephen and Mr. Corry, of the Louisville & Nashville Railroad, I quote herewith rates applying from the following points to Louisville:

	One-way fare	Lower berth	Upper berth	Drawing Room
New York, N. Y. ...	$31.32	$9.00	$7.20	$31.50
Philadelphia, Pa. ...	28.08	8.25	6.60	30.00
Baltimore, Md.	24.62	7.50	6.00	27.00
Washington, D. C.. .	24.62	7.50	6.00	27.00
Harrisburg, Pa.	24.33	7.50	6.00	27.00
Pittsburgh, Pa.	15.50	4.50	3.60	16.50

I would suggest that you use our Cincinnati Limited, which carries a through car New York to Louisville, Ky. via Cincinnati and the Louisville & Nashville Railroad, leaving New York 4:05 p. m., North Philadelphia 5:50 p. m., Harrisburg, Pa. 8:19 p. m., Pittsburgh, Pa. 2:11 a. m. and arriving in Louisville 2:30 p. m.

We will be very glad to arrange for sufficient extra cars to take care of your party. There is an extra fare on this train—from New York $3.60 and from Philadelphia $2.40.

Returning, I would suggest that you leave Louisville at 1:00 p. m. which would arrive Pittsburgh 3:35 a. m., Harrisburg 10:35 a. m., N. Philadelphia 1:32 p. m., and New York 3:35 p. m. This train carries through equipment Louisville to New York. There is an extra fare on this train from Cincinnati—to Philadelphia $1.20, to New York $2.40.

Trusting that this is the information desired, and that we may hear from you in the near future regarding cars for your party, I am

Very truly yours,
Division Passenger Agent.

SPRUCE 4000
Extension 185

Mr. Wick will make reservations for any eastern members who wish him to through the Old Colony Club, Philadelphia. Most of the eastern members expect to travel on the train that leaves New York, Monday September 17th a 4:05 p. m.

AMERICAN INDUSTRIAL LENDER ASSOCIATION

Lousiville, Kentucky

SPECIAL TRIP TO MAMMOTH CAVE

and Return

Saturday, September 22, 1923

For the accommodation of the ladies the officers, delegates and their friends who are attending the above convention, arrangements have been made by the Louisville & Nashville Railroad to operate a special train to leave Union Station, Tenth and Broadway, 7:30 a. m., arriving Mammoth Cave, 10:30 a. m. Returning, leave the Cave 5:30 p. m., arrive Louisville 8:30 p. m., in time for all connections.

$8.50

The entire expense which will include round trip transportation, dinner and supper at the Mammoth Cave Hotel and the choice of either the Echo River or Martha Washington — Star Chamber route in Mammoth Cave.

This is an unusual opportunity to visit Mammoth Cave, inasmuch as you can make the trip in one day and return to Louisville in time for all connections. In order that the Hotel can be prepared to serve the party, railroad tickets should be purchased as early as possible and a representative of the Louisville & Nashville Railroad will sell tickets in the convention hall. They can also be purchased at the Consolidated Ticket Office, Fourth and Market Streets, or the ticket office at Union Station, Tenth and Broadway. For any further information see E. G. Jones, City Passenger Agent, L. & N. R. R., 204 Marion E. Taylor Building. Phones: Main 1585; City 197.

CONVENTION ENTERTAINMENT.

Aug. 29, 1923.

Dear Mr Kehr:

It seems that we have the entertainment solution well in hand. All arrangements have been carefully made by the writer for the entertainment of the guests attending the American Industrial Lenders' Association Convention, to be held in Louisville, September 19th, 20th, 21st and 22nd. Arrangements have been completed as follows:

Reservations at Seelbach Hotel.

Theatre party for ladies.

Automobile sight-seeing trip for entire convention.

Sight-seeing trip through the business section for ladies and gentlemen.

Trip to Mammoth Cave.

We have engaged the best orchestra obtainable.

Entertainer and story-teller — Miss Fannie May Baldridge.

Souvenir books containing history and songs of My Old Kentucky Home, Old Folks at Home, and Old Black Joe, by Stephen C. Foster.

Yours very truly,
C. E. Reed,
Chairman Local Entertainment Committee.

HERE'S HOW SECRETARY BAKER HELPED TO BOOST THE CONVENTION IN ILLINOIS.

As September draws near each year, we in the loan business, begin to think about and plan for the Annual Convention of the National Association.

You know that it will be held in Louisville, Kentucky, this year on September 19th, 20th, 21st, and 22nd, Seelbach Hotel (make your reservations now).

Those who will conduct this year's meeting are endeavoring to make it an improved convention. The effort will be toward *more practical help* and *less social splendor.* A great deal of very important business will come up and several distinct departures are being talked of.

This year, as in former years, no one in the business can afford to miss the convention.

You will find hospitality in Louisville; you will find the Old Ohio with its side wheelers interesting and Mammoth Cave (world's wonder), is close by.

Kindly help the Association Officers in their arrangement work by filling out the enclosed postal card and mailing it immediately.

PUBLICITY.

(From American Industrial Lenders' Association, 175 Fifth Avenue, New York City.)

(For release Tuesday, September 4.)

New York, September 3.—The causes of borrowing, not that done from banks where giltedged collateral is offered as security for loans, but the small loan obtained by the man or woman who has no security to offer, will be one of the principal topics for discussion at the forthcoming convention of the American Industrial Lenders' Association in Louisville, September 19th to 22nd. There is a widespread belief that these small loans are due to the improvidence or unthriftiness of a class of borrowers deserving of little sympathy because their necessities are due to their own faults. To correct this impression and to set this class of borrowers right will be one of the considerations of the convention.

The impelling reasons for this class of borrowing, as shown by typical records, may be grouped under the following heads:

1. Sickness.
2. Death in the family.
3. To consolidate all small irritating debts and to liquidate the one debt by installments.
4. To buy real estate or to meet interest or principal on mortgages.
5. To advance the situation of their families.
6. To expand a small business.

A classification by occupation shows that among those who borrow from small loan companies, clerks lead, including post office and other government employees and state, city and county employees, with policemen, firemen, secretaries and stenographers, agents, salesmen, factory and other industrial workers, teachers, doctors, writers, bookkeepers and accountants also represented.

The Association convention proceedings will be concerned about equally with the broad general subject of industrial financing and with its technical aspects. The discussion of the former will be by men nationally known as educators, economists and sociologists, among them being Matthew Holt, Attorney for the Legal Aid Society, Louisville; Dr. Louis N. Robinson, of Swarthmore, Pa., who will report on the survey of the small loan business under the auspices of the Russell Sage Foundation; William A. Murphy, formerly Director of Trade and Commerce, Springfield, Ill.; Walter S. Hilborn, Acting Director of the Division of Remedial Loans of the Russell Sage Foundation, on "The Year's Progress and the Uniform Law"; Dr. Frank L. McVey, President Kentucky University, "Small Loans as an Industrial Factor"; and Dr. Earle Edward Eubank, of the University of Cincinnati, "Small Loans and Social Research." Clifford Ireland, Director of Trade and Commerce, Springfield, Ill., also will probably address the convention.

The technical discussions will be by A. L. Wick, of Philadelphia; G. W. Farrington, Indianapolis; Alan K. Dolliver, New Haven, Conn.; Charles R. Napier, Chicago; R. C. Clark, Indianapolis; P. L. Alberse, Paterson, N. J.; L. C. Harbison, Chicago; F. B. Merritt, New Brunswick, N. J.; and R. M. Rutherford, New York. Address of welcome will be made by Mayor Huston Quin and Robert F. Vaughan, of Louisville.

The membership of the Association is composed of men engaged in the business of making small loans, that is loans up to $300. So closely are they in touch with the class of small borrowers they they are known as the "poor man's bankers" and they are in exceptional position to know the reasons why clients are forced to appeal to them for their emergency financing. It is the consensus of industrial lenders that a large percentage of their clients are worthy persons who are obliged to borrow through their misfortunes rather than their faults, and that hence they are as well deserving of consideration in their necessities as the more fortunate classes of borrowers who have no difficulty in obtaining ample credit.

While the law governing the business of industrial lending limits the amount that may be so loaned to $300, the average small loan is about $75, the interest rate on which is higher than the rate permitted to be charged on commercial loans. It has been estimated that only seven out of one hundred adult persons in the United States maintain a bank account, that eighty-six men out of 100 fail in life, counting failure from the viewpoint of dollars and cents. Of the fourteen who succeed, it is estimated only two make a marked success in life, so that fourteen out of 100 adults are entitled to credit, requiring collateral accepted by banks.

The remaining 86 are without credit except such as they may obtain on their characters, earning ability, unsecured notes or personal property. They constitute the producers of wealth and the great consuming class whose reasonable prosperity is essential to the success of business which must depend on the consuming class. The banks, of course, cannot finance them in their emergency needs and this has given rise to the industrial lending banker as a necessary and important business. The extent of this business is evident from the fact that the combined capital of the firms represented in the Association membership is estimated at $60,000,000 and their combined annual loans at $150,000,000.

If your local paper has not printed similar accounts of the convention, here is a chance to do some publicity work by adding a little local color.—Ed.

HELP TO MAKE THE LOAN LIBRARY

The following letter was addressed to each state secretary but it suggests how each member may help:

"Do you know there is an International

LOAN LIBRARY in the making here in Chicago?

"Do you know that authorative history is obtainable on the Small Loan Business dating back to the thirteenth century when the king issued licenses granting approximately forty-three per cent?

"This LOAN LIBRARY, which was started by the Illinois Industrial Lenders' Association with Attorney C. R. Napier as Chief Librarian and originator of the idea, is expected to contain all literature of importance, both ancient and modern, and in time will be of inestimable value to the loan business at large.

"This letter is sent you as Secretary of your State Association in the hope that you will at your next meeting, ask your members to forward to C. R. Napier, Ashland Block, Chicago, any literature they have available to contribute to this library. Old books upon the subject which are now probably out of print are especially desired.

"Thanking you for your coöperation in promulgating this very important work, I remain,"

Respectfully,
L. T. Baker,
Secretary.

ILLINOIS.

The sixth annual meeting of the Illinois Industrial Lenders' Association was held at the Morrison Hotel, Chicago, on the afternoon of July 27th.

As President Woll was out of the city and Vice-Presidents Tyson and Harbison were not present, when the meeting was called to order, Ex-Chairman A. Snite presided. There were sixteen members including two down state men present.

The various Standing Committees reported, all of which were approved.

Attorney Napier advised that a Galesburg bank, who it seems were innocently assisting a high rate lender in Galesburg, had pledged their coöperation to our Association in the effort to eliminate the practice. Mr. Napier explained the use and purpose of the Loan Library of which he has charge and finds that this is already becoming an asset to both himself and the business. Everyone is urged to send in literature pertaining to the business, to Chas. R. Napier, Ashland Block, Chicago, Ill.

The members present voted unanimously that the Association Secretary was to act as delegate to the National Convention.

A brief discussion as to the Association's activities for the ensuing year was then entered into.

As former President Woll refused renomination, a vote of thanks for his efforts and valued service to the Association was unanimously given and the following officers elected:

President—Frederick P. Tyson, Danville. 1st Vice-President—L. C. Harbison. 2nd Vice-President—Chas. Turgrimson. Secretary — L. T. Baker. Treasurer—J. D. Lynch. Executive Committee—Albert P. Snite, W. P. Woll, Arthur Weinschenk, John Breen.

The newly elected president was escorted to the chair and made a splendid speech of acceptance saying that he thought that the down state men would appreciate the appointment of a president not from Chicago.

L. T. Baker,
Secretary.

RE OHIO CONVENTION, ETC.

Judge Dyer writes:

"Answering your request received a few days ago for a report of the meeting of the Ohio Loan Association held at Cedar Point, August 8th, 9th and 10th, beg to say that Mr. Anderson promised to make a detailed report to you. Fearing his report may be delayed, I am herewith enclosing printed program which was carried out completely. Dr. Robinson read a fine paper on his subject which he is now correcting preparatory to printing it in pamphlet form for distribution. We expect to print 5,000 and keep the form set until we can learn from all the states how many of these pamphlets they desire for use.

"The old officers and executive committee were reëlected, except that W. W. Taylor, of The Security Loan Co., Sandusky, Ohio, was elected vice-president of the National Association for Ohio. The executive committee were authorized to select five delegates to attend the National Convention at Louisville, and they were also authorized to contribute $500.00 to the general expense of holding the convention, provided other continuous state associations contributed a like amount, and the same was necessary to pay the legitimate expense of holding the national convention.

"It is the desire of the Ohio members that the national organization be continued, provided some plan can be adopted whereby it will be a real force in the development of small loan affairs. If the income to the association is so reduced that it will only be a pretense in the future, I do not believe the Ohio association or members will continue. Our disposition is, however, to give any plan or suggestion fair consideration, to the end that all small loan concerns may have the benefit of that coöperation which should result from organization conducted for the common good of all concerned.

"Ohio will be represented by strong delegates who will be able to express the views of our membership in regard to association matters. I should like very much to attend this meeting and particularly to visit Mammoth Cave and renew old acquaintances and shall endeavor to so arrange my affairs as to spend a day or more at the convention.

Very truly yours,
J. H. Dyer.

RE MEMBERSHIP.

Tate Harrison Writes:

Dear Lender:

Do you remember some years ago—
When everybody looked down on him?
When the courts frowned on him with a skeptical eye?
When the small loan broker was called a "Shylock?"
Do you remember?—

Those were the days when every lender was "going it alone"—when conditions were going from bad to worse and the future looked dark to every money lender.

But, since the organizing of the American Industrial Lenders' Association, conditions have gradually changed for the better—this was accomplished through coöperation and peristent work on the part of all its officers and members.

I feel that you can become an important "Cog in the Wheel" that is daily doing the things necessary to put the money lender before the public on a plane with the commercial banker—this has already been accomplished in some states through legislation and the passing of adequate and fair laws.

In my last letter I told you of the many things this national organization is doing and I want to again urge you to give this early and serious consideration, for the help you directly and indirectly receive will pay you in actual dollars much more than the small membership fee.

You will find enclosed another application blank—fill it out and mail with remittance on basis of 50 cents per thousand on capital invested.

Let's have the application to-day—then plan to attend the Ninth Annual Convention at Louisville, Kentucky, on September 19th, 20th, 21st and 22nd.

Cordially yours,
T. J. Harrison,
Chairman Membership Committee.

GLOBE SECURITY & LOAN CO. v. CARREL, Auditor, (Nos. 17212-17216.)

(Supreme Court of Ohio. Nov. 21, 1922.)

(Syllabus by the Court.)

1. **Pawnbrokers and money lenders key 4—Statute requiring license from loan brokers held a regulatory and not a revenue measure.**

The provision of section 6346—1, General Code, making it "unlawful for any person * * * to engage * * * in the business of making loans * * * upon the mortgage or pledge of chattels or personal property * * * or making loans on salaries or wage earnings * * * without first having obtained a license," is a regulatory as distinguished from a revenue measure.

2. **Pawnbrokers and money lenders key 4—Statute requiring license from loan brokers does not restrict right to levy tax as revenue measure.**

The provision of section 6346—2, General Code, "no other and further license fee shall be required from any such license, by the state or any municipality," while restricting the state and the municipalities of the state from exacting further license fees in the regulation of such business, in no way restricts the state or the municipalities from levying an excise tax upon the business of such license as a revenue measure. (State ex rel. v. Carrel, Aud., 99 Ohio St. 220, 124 N. E. 34, approved and followed.)

Error to Court of Appeals, Hamilton County.

Separate petitions by the Globe Security & Loan Company, the Welfare Loan Company, and the Citizens' Mortgage Loan Company against George P. Carrel, Auditor, and by the Cincinnati Collateral Loan Company and the Beneficial Loan Society against the City of Cincinnati and others. Demurrers to the petitions were sustained in each case and judgments entered thereon were affirmed by the Court of Appeals on error, and plaintiffs bring error. Affirmed in each case.

The Globe Security & Loan Company, plaintiff in error in cause No. 17212, iled a petition in the court of common pleas of Hamilton county, Ohio, of which he following is a copy:

"Now comes the Globe Security & Loan Company, and says that it is a corporation organized under the laws of he State of Ohio, and engaged in doing business and making loans on chattel mortgages at its place of buisness in the City of Cincinnati, Hamilton County, Ohio, and that in conformity with the laws of Ohio it did, on or before the 1st day of March, 1920, pay to the superntendent of banks of the State of Ohio, fee of $100, and obtained from said uperintendent of banks of the State of Ohio a license to engage in the chattel oan business for the year beginning March 1, 1920, and expiring February 8, 1921.

"Plaintiff says that the defendant, George P. Carrel, is the duly elected, ualified and acting auditor of the City f Cincinnati, Hamilton County, Ohio. Plaintiff further says that on the 20th ay of August, 1920, the council of the City of Cincinnati, State of Ohio, passed n ordinance No. 312—1920, 'to levy an nnual occupational tax upon persons, rganizations of persons, firms and corporations carrying on certain trades, proessions, occupations and businesses in he City of Cincinnati, by amending secons 812—1 to 812—15, both inclusive, f the Code Ordinances of the City of Cincinnati.' That said ordinance, under chedule 2, provides as follows:

"'Brokers' (chattel mortgages) — very person, association of persons, firm r corporation engaged in the business f lending or advancing money (or neotiating for the loan or advance of money) or of securing chattels or by a mortgage shall pay an annual tax of one undred ($100) dollars. Also,

"'Brokers' (industrial loans)—every erson, association of persons, firm or orporation engaged in the business of aning money on plain notes or personal ecurity at legal rates, other than a naonal or state bank, to be paid in weekly monthly or other periodical installents, shall be deemed an industrial loan ompany, or Morris Plan Bank, and shall ay an annual tax of ($150) one hundred nd fifty dollars. Also,

"'Brokers' (salaries)—every person, sociation of persons, firm or corporaon engaged in the business of loaning advancing money or negotiating for e loan or advancement of money or asgnment of salaries or wages due or to ecome due, shall be known as a 'salary okers' and shall pay an annual tax of ne hundred ($100) dollars.

"That said ordinance aforesaid pro- des that the taxes provided for therein hall take effect as to all provisions ereof in so far as the same relate or pply to the trades, professions, occupaons, or businesses mentioned in schedule wo in section 812—1 thereof from and ter the 1st day of November, 1920, and at the annual taxes provided for in hedule 2 of section 812—1, thereof, all be payable in semi-annual installents, in advance, between the 1st and th days of May and November of each nd every year, commencing with Nomber, 1920.

"Plaintiff further says that said ordi- nce of the City of Cincinnati in so r as it purports to provide an occupational tax or license for the occupation or business of loaning money on chattel mortgages or assignment of wages, is unconstitutional or void.

"The defendant, George P. Carrel, as auditor of the City of Cincinnati, is taking steps and preparing to collect said tax against the plaintiff. Plaintiff states that it has no adequate remedy at law and asks the court that a temporary order issue restraining the defendant from collecting said occupational tax as aforesaid, and that upon final hearing said temporary injunction be made permanent; and plaintiff prays for all other relief to which it may be entitled in the premises."

The plaintiffs in error in the other cases filed similar petitions in the common pleas court, to each of which petitions a general demurrer was filed by the city solicitor, each of which demurrers was sustained by the court of common pleas, and the plaintiffs not desiring to plead further final judgments were rendered against them. Error was prosecuted to the Court of Appeals, where the judgment of the court of common pleas were affirmed, from which affirmances error is prosecuted here.

McCauley & Simmonds, Burton E. Robinson, Buchwalter, Headley & Smith, Ralph E. Clark, and Sanford Brown, all of Cincinnati, for plaintiffs in error.

Saul Zielonka, City Sol., of Cincinnati, for defendants in error.

ROBINSON, J. The power of the City of Cincinnati to enact an occupational tax ordinance has been declared by this court in the case of State ex rel. v. Carrel, Aud., 99 Ohio St. 220, 124 N. E. 134; the court having there held:

"1. The State of Ohio, under the provisions of section 10, article XII of the Constitution, has authority to levy excise taxes in the form of an occupational tax.

"2. Under the grant of power of local self-government provided for in section 3, article XVIII of the state Constitution, the City of Cincinnati, as long as the State of Ohio through its General Assembly does not lay an occupational tax on businesses, trades, vocations and professions followed in the state, may raise revenue for local purposes, through the instrumentality of occupational taxes."

The Legislature of Ohio by the enactment of section 6346—1, General Code, has provided:

"Sec. 6346—1. It shall be unlawful for any person * * * to engage, or continue, in the business of making loans * * * upon the mortgage or pledge of chattels or personal property of any kind, or of purchasing or making loans on salaries or wage earnings * * * at a charge or rate of interest in excess of eight per centum per annum including all charges, without first having obtained a license so to do from the commissioner of securities and otherwise complying with the provisions of this chapter."

Section 6346—2, after providing for the payment of a "license fee," has provided that such "license fee shall include the entire cost of inspection or inspections for a period of one year," and that "no other and further license fee shall be required from any such licensee, by the state or any municipality nor shall any fees charged be collected under section 73 of the General Code." It has further provided for the mode of securing the license and for the execution of a bond to the State of Ohio to secure the observance of the provisions of the act, and has provided that the commissioner of securities shall annually, at least, investigate the business of the licensee. It has enjoined upon the commissioner of securities the duty of prosecuting violators of the act; has in fact through the commissioner of securities undertaken to regulate the business of such licensee and has undertaken to require the payment of the expense of such regulation of the licensee by the exaction of an annual license fee.

The record does not disclose the number of licenses issued by the state, or the number of agents and assistants employed by the commissioner of securities, or the expense of that department. The court, therefore, is without the necessary facts to determine whether the revenue secured by the state from such license fees is in excess of the expense of carrying out the provisions of the act. But were these facts disclosed by the record, this court would not with exact nicety make a comparison of the necessary expenditure by the commissioner of securities with the sum of the fees exacted, but would be governed by the purpose of the enactment rather than by the result which its enforcement discloses.

This court, in the case of State v. Hipp, 38 Ohio St. 199, has thus defined a "license":

"A license is permission granted by some competent authority to do an act which, without such permission, would be illegal."

[1] Accepting this definition, the Legislature enacted section 6346——1 et seq., and this court, adhering to that definition, and being further influenced by consideration of the regulatory provisions of that and the following sections, is of opinion that the fee exacted by the enactment is literally a license fee; that the Legislature in the enactment of the provision "no other and further license fee shall be required from any such licensee, by the state or any municipality, nor shall any fees charged be collected under section 736 of the General Code," used the words "license fee" advisedly, and in the sense above indicated; and that its limitation upon the further activities of state and municipalities with reference thereto is confined to the particular scope of the act itself and prohibits the state and municipalities from exacting other and additional license fees, but extends no further.

[2] The ordinance involved in this case, in so far as its provisions are disclosed by the record, does not attempt to make the business unlawful, or to regulate the manner of its operations, or to confer upon the person engaged in the business any privilege; but, on the contrary, assuming the right of persons to engage in the particular line of business, it imposes a tax upon such business, the payment of which is not a prerequisite to the right to engage in such business, any more than the payment of any other excise tax is a prerequisite to the right of a person to engage in the particular business taxed.

We find no conflict between the provisions of section 6346—1 et seq. and the ordinance of the City of Cincinnati as disclosed by the record.

The judgment of the courts below is affirmed in each case.

Judgments affirmed.

HOUGH, WANAMAKER, and MATTHIAS, JJ., concur.

CLARK, J., took no part in the consideration or decision of the case.—*Northeastern Reporter, April* 10, 1923.

THE NATION'S BUSINESS.

Published by
The Chamber of Commerce of
the United States of America

Washington, August 17, 1923.

DEAR MR. KEHR:

I have before me the copy of your membership list which you sent us in January of 1922.

A few days ago I had it checked against the subscription lists of the *Nation's Business,* and I see now what an unusually large number of your members have become subscribers. This is a pretty accurate indication that the magazine is of definite service to men of such similar business interests as those who belong to the American Industrial Lenders' Association.

For this reason, the Chamber is desirous again to describe the official monthly magazine to those of your old members who have not yet subscribed, and to the new members who have joined your ranks since you sent us the old list.

President Barnes has himself prepared a letter which is to go to them, and is anxious to get it started promptly. Will you therefore kindly send us your newest list, giving names and addresses of your members. Send it, please, in care of myself.

Yours very truly,
MERLE THORPE,
Editor and General Manager.

DEPARTMENT OF COMMERCE

Bureau of the Census.

Washington, August 27, 1923.

DEAR MR KEHR:

In looking through your August number of the INDUSTRIAL LENDERS' NEWS I ran across a statement at the bottom of page 5 bearing upon the membership of your association and the total volume of business which it transacts annually.

I note with keen interest the fact that the total loans aggregate annually $150,000,000. This is a sizable item, to be sure, and I am inclined to believe that the small loan business does, in fact, meet a real economic need. It is with this feeling that I write to inquire as to the possibility of obtaining current monthly statistics which would show the loaning operations of your combined membership. Were these figures made available to the general public, through such a medium as the *"Survey of Current Business,"* published monthly by this Department, I believe a fairly accurate indication might be given of the future movements in commerce and industry for it seems to me that the volume of small loans would be the greatest in times of business depression and the least in times of business prosperity. If the figures covering this movement substantiate my presumption a statistical series showing this cyclical trend would be highly valuable. I realize that it will take considerable time and effort to compile current figures monthly if such is not already being done but I feel that time and energy will be well spent for the figures will be of benefit to your membership as well as to business men in general. Surely the industrial lender, among other things, is anxious to know whether he is getting the full share of business in his community and the only way that he can ascertain this point is by comparison with the total volume of business transacted by your association at large.

The data which I am desirous of obtaining are those covering the period from 1913 to date. If you are unable to furnish monthly data for this period, annual data will be sufficient for the years 1913 to 1920 with current data from January, 1920, to the present time.

Trusting that this matter receives your early attention and coöperation, I am

Very truly yours,
L. SETH SCHINTMAN,
Special Agent.

PENNSYLVANIA.

The regular meeting of the Pennsylvania Association was held in the rooms of the Eagle Mountain Home, Reading, at two p. m. on Friday, July 27, 1923.

The meeting was called to order by Vice-Chairman C. G. Mueller.

Thirty members were present, including Chairman Gardner, of the Maryland Industrial Lenders' Association.

REPORT OF OFFICERS.

The treasurer reported on hand July 26, 1923, $2,851.32. On motion of Mr. Kehr, seconded by Mr. Hart, this report was accepted.

The secretary reported 187 licensed lenders in Pennsylvania, July 1, 1923, of which 94 are members of our Association, 3 delinquent in dues since January 1, 1923; 69 of our members are also members of the American Industrial Lenders' Association. On motion of Mr. Kehr, seconded by Mr. Wick, the secretary's report was accepted.

REPORT OF COMMITTEES.

Executive Committee Chairman Webster reported progress.

Membership Committee Chairman Mueller, Entertainment Committee Chairman Ezekiel, likewise reported progress.

Publicity Committee Chairman Moore called attention to the publicity arranged for by the Reading members of his committee and urged continued support of his committee's work. Messrs. Ezekiel and Young spoke appreciatingly of the committee's work.

Legislative Committee Chairman Kehr, reported the favorable conclusion of the Legislature, also of the recent conference of the American Industrial Lenders' Association's Legislative Committee with representatives of the Credit Unions and the Sage Foundation at New York. Mr. Kehr recommended the purchase of Mr. R. F. Bergengren's book on "Coöperative Banking." Messrs. Davis, O'Neill and Hart added to the report of the Legislative Committee.

UNFINISHED BUSINESS.

On motion of Mr. Moss, seconded by Mr. Davis, following a very considerable discussion, the matter of action with relation to the salary purchasing companies in Pittsburgh, was referred to the Executive Committee.

NEW BUSINESS.

The secretary called attention to the opening in Philadelphia of the Atlas Loan Society, associate of the Community Finance Service, for the lending t colored people, and commend the officer on their farsightedness.

On motion of Mr. Wick, seconded b Mr. Erdman, a vote of thanks was tendered the Reading Committee for thei splendid arrangement of to-day's meeting and of the special features associate with it.

On motion of Mr. Hart, seconded b Mr. Moss, the Applications for Membership of the following were unanimously approved: Safety Finance an Investment Company, 1015 Chestnu Street, Philadelphia; Beneficial Loa Society, 218 Franklin Street, Johnstown The Panna Company, 929 Chestnu Street, and the Atlas Loan Society, 26 S 15th Street, Philadelphia.

On motion of Mr. Moss, seconded b Mr. Ezekiel, the secretary was authorize to change his records and to issue ne Membership Certificates as a transfe for the Star Loan Company to the Pen Loan Company, Citizens Loan Compan Household Loan Company and Securit Loan Company to the Peoples Financ Service Company and the Household Finance Service Company, National Equitable Investment Company to the National Equitable Loan Society, Inc., an the Industrial Loan Society, Inc.

On motion of Mr. Young, seconded b Mr. Hutchinson, a rising vote of thank was tendered the Legislative Committe and its Chairman, Mr. Kehr, for i splendid work during the recent sessio of the Legislature.

On motion of Mr. Hart, seconded b Mr. Davis, the Entertainment Commi tee's request for $750 to take care of th expenses of the annual meeting in Philadelphia in November was approved.

On order of the Chair the secretar read an article from a recent issue of th *Printer's Ink,* commending the Gua antee Loan Company for its progressiv ness in using educational newspaper a vertisements in Philadelphia and oth cities in this state and it was reco mended that this be reprinted in an ear issue of the LENDERS' NEWS.

Due to lack of time the paper of C. M Erdman, of Lebanon, on "How I Hand My New Customer and Retain H Business" and the paper of V. P. A lgaier, of Scranton, on "The Most A vantageous Method of Filing in a Sma Loan Office" were not heard but rder of the Chair these papers were fo warded to the LENDERS' NEWS for publ cation and a vote of thanks tendered bot gentlemen for their interest and hel fulness.

There appearing no further busine to transact, on motion of Mr. O'Nei seconded by Mr. Mitchell, the meeti was adjourned.

C. H. WATTS,
Secretary.

The luncheon and dinner were held the porch of the Eagles Mountain Hon and enjoyed by members, friends a guests. Secretary H. W. Elvidge, of t Reading Chamber of Commerce; May John K. Stauffer, of Reading, and Sta Senator James E. Norton, of the Rea ing District, were the speakers of t luncheon and dinner.

GEORGIA.

The legislature recently adjourn without passing any legislation affecti the small loan business.

ALABAMA.

Reports and inquiries indicate that Senator Sloane who has been making an investigation relative to small loan legislation in other states will introduce the uniform small loan law in Alabama this year. Another state apparently is about to take the step necessary to correct its small loan problem.

ALABAMA.

The Alabama legislature did not enact the uniform small loan law due to opposition of the high-rate lenders, who are reported to have raised a considerable sum for financing aid to defeat the measure.

He reports that the Hildreth Bill against the salary buyers was successfully enacted.

FROM SCOTLAND.

112 Bath Street, Glasgow.
August 22, 1923.

Dear Mr. Kehr:

It is a long time since last I wrote to you, but I don't need to ask how you are doing, because I can see from the *Gazette*, which you send me every month, that you are keeping active and making progress.

My reason for writing is, firstly, to notify you of my change of address, and secondly, to ask whether you would be good enough to send me another copy (or copies of the Supplement which went along with the July *Gazette*. I was so impressed with it that I sent it to the picture-framers in order that I could hang it up in my office, but the fool lost it. I felt, not only that it would be a good advertisement for myself, but that I could show it to my fellow-lenders as a specimen of American progress.

It is possible, however, that we will gradually be waking up. The Scottish Money Lenders Association (of which I am now president) intend shortly adopting a small publicity campaign, and, we hope, the results will be all to the general good.

When replying, you might also let me know whether my dues are fully paid, and if not, I will forward you whatever is owing. I don't like to remind you that you owe me one or two Year Books, because you have all been so kind that it would seem like trespassing on your kindness.

I look forward with keen pleasure to every copy of the *Gazette*, and I almost envy you the progress your association is making.

Wishing you and the association every success, I remain, with kind regards,

Yours sincerely,
Ernest Greenhill.

P. S. Could your association help us to trace some of our "Skips?"

DR. R. H. SMITH SPEAKS

The proceedings of the Academy of Political Science in the city of New York, published in July, 1923, giving the proceedings of a special meeting devoted to "Law and Justice," gives (p. 522-30) an interesting address by Reginald Heber Smith of the Boston Bar, entitled "The Elimination of Delay Through Small Claims Courts and Conciliation Tribunals."

In the appendix (p. 227) Dr. P. T. Moon and Herman Oliphant, the editors, refer to this paper as follows: "An important paper by a distinguished authority on the subject, Mr. Reginald Heber Smith, on "Small Claims and Conciliation Courts."

Legal lenders throughout the country have long been cognizant of Dr. Smith's ability and are appreciative of the helpful interest he has taken in economics and legislation relating to the small loans business. He is on the program of the annual convention of the American Industrial Lenders Association at Louisville, Ky.

DEPARTMENT OF COMMERCE. BUREAU OF CENSUS.

Bureau of Census.

Washington, D. C.
September 10, 1923.

Dear Mr. Kehr:

This will acknowledge, with thanks, receipt of your letter of September 4th.

For some time we have been interested in obtaining current statistics, covering now some 1,000 business movements, looking toward a greater knowledge of underlying business and industrial conditions. It is with this idea that it has been our desire to obtain data concerning the small loan business, particularly because of the present dearth of accurate statistical information concerning your line of economic endeavor.

In the "Survey of Current Business," a copy of which went forward to you several days ago, you will note the method of presenting the current figures which come to us from various sources. Many of these data run back to the pre-war years, which fact, of course, makes them highly valuable for comparative purposes. Other items do not enjoy this historical background and yet have a considerable degree of current value. If it were possible to obtain the figures showing the current monthly movement in your field of finance, which indeed fills an economic need, I believe our present data on savings deposits, new life-insurance sales and collection of life insurance premiums would be valuably supplemented.

Following your suggestion, I shall communicate with Dr. Louis N. Robinson, who has been making a study of the small loan field with a view to obtaining from him such statistical information which he has compiled covering this most interesting subject.

I do not think it possible at the present time to accept your invitation to be present at your national convention in Louisville but please accept my thanks for the consideration which you have given me in this connection. I trust, however, that my absence will not prevent your calling to the attention of the representatives of your association the work which I have in mind.

Very truly yours,
(Signed) W. M. Stewart, *Director.*

IRRESISTABLE.

Dear Lender:

The Industrial Loan business is a vital part of the business fabric of the nation. It performs a certain useful, needed service to mankind.

But, like every other line of business, it has to meet new conditions each year and must adjust itself accordingly.

The money lending profession has found, like every other up-and-doing business, that there was much to gain by having a National Association—a working body—

> That would keep track of changing conditions. Help to *change* conditions that proved detrimental to the business—that would act as a clearing house for information that would benefit its widespread membership.

You will find the most progressive and wide-awake men in our line of business are members of the A. I. L. A. Other progressive and wide-awake lenders are joining every week—purely for the *benefits* they can derive by joining—we want you with us.

> Our big National Convention will open at The Seelbach Hotel Louisville, Ky., on Wednesday, September 19th, lasting until the 22d.
>
> You are welcome to come—and we want you to be there to help make it a bigger success.

This gathering will not be a mere pleasure gathering—it will be essentially a business gathering from which you'll derive lasting, worth-while benefits.

Will you meet me at Louisville on the above dates?

Cordially yours,
T. J. Harrison,
Chairman Membership Committee.

MARYLAND.

The regular monthly meeting of the Maryland Association was held on Tuesday, September, 11th, at 8 p.m., in the Board Room of the Merchants & Manufacturers Building, No. 22 Light Street, Baltimore, Md.

An account of this meeting will appear in our next issue.

GEORGIA.

A meeting of the Executive Committee was held August 23, 1923 for the purpose of electing officers for the issuing year.

The following officers unanimously elected:

A. B. Madison, chairman; Henry Sharp, vice-chairman; F. B. Snyder, secretary and treasurer.

Executive Committee: A. B. Madison, J. M. Marion, Henry Sharp, L. B. Lassiter, and F. B. Snyder.

The association voted to have A. B. Madison attend the National Convention at Louisville, Ky., as Georgia representative, all expenses to be paid out of the treasury.

No further business of importance at this time the meeting adjourned.

F. B. Snyder, *Sec. and Treas.*

LOUISVILLE INVITES YOU.

Remember the Dates—Come!

Just a sample of what will take place at the Ninth Annual Convention to be held at Louisville, Ky., September 19th to 22d.

"Advertising the Small Loan Business"—Will Pente, Chicago.

"The Years Progress and the Uniform Law"—W. S. Hilborn, Division of Remedial Loans, Russell Sage Foundation, New York.

"Educational Publicity"—G. W. Farrington, Indianapolis.

"Should Small Loan Companies be Permitted to Receive Savings and Deposits" Alan K. Dolliver, New Haven, Conn.

"What Rates Should be Charged on Endorsed Note Loans?"—F. B. Merritt, New Brunswick, N. J.

These are just a few of the many important subjects that will be discussed. They directly touch on the welfare of the Industrial Money Lenders of the United States. There is no question but what every member and *non-member* who attends will take away ideas and benefits worth a good deal more than the cost of his trip to Louisville.

You are cordially invited to attend whether you are a member or not—*and you are invited to join the association*—but remember you will not be urged to join. If you do so, it must be through your own desire to benefit by what the Association can do for you as a member.

Remember—be at the Seelbach Hotel, Louisville, Ky., on opening day—September 1 th. You'll have an enjoyable and *worth while* experience.

American Industrial Lenders Association,
Ninth Annual Convention.
Louisville, Ky., September 19th to 22d,
Seelbach Hotel.

THE SMALL LOAN.

The widespread belief that small loans from the thousands of lending companies in the United States are due to lack of providence and thrift of a general class of borrowers, is refuted by a thorough survey and analysis made by the national association of loaning companies.

This indicates that the impelling reasons for this class of borrowing may be grouped under six heads: Sickness; deaths in the family; to consolidate numerous small debts into one and to liquidate it by installments; to buy real estate or to meet interest or principal accounts on mortgages; to advance the situation of the family, or to expand a small business.

Under ordinary conditions all of these causes are economically justifiable. It is only when one goes to extremes that they become harmful. And the increasing difficulty of negotiating a loan under those conditions is rapidly eliminating that class. Enforced thrift now is working to undo the things that cultivated and encouraged thriftlessness in other days not only made possible but disastrously easy.—*The Dayton Journal*, September 5, 1923.

"BLUE SKY" LAW EFFECTIVE.

All Stock Salesmen Must Register with State Banking Department and Must Obtain Certificates

Although the State Securities Act went into effect Aug. 1st. the Stock Investigation Department of the Harrisburg Chamber of Commerce is urging prospective investors to investigate before they invest their funds in unlisted securities.

Commencing today all persons selling stock in Pennsylvania must register with the State Banking Department and file statements showing their mode of business. Certificates of eligibility to sell stock will be issued by the Banking Commissioner providing the salesmen qualify but such certificates will not be endorsements of stock, the local Chamber Committee points out.

Provision is made in the "blue sky" law prohibiting the use of Banking Department certificates as means of advertising or selling stock, and penalties are provided for violations of the statute. The law gives the Banking Commissioner and his deputies considerable power in revoking the licenses of stock salesmen operating contrary to the act or believed to be doing beyond the limitations.

While the new law has been designed to keep many wild cat propositions out of the state, it is expected that the provisions of the act will not stop the sale of all speculative securities, and people of moderate means who are considering investing in unlisted stocks will do well to investigate stock selling schemes, although salesmen have registered with the State Department. The stock investigation department of the Harrisburg Chamber of Commerce will investigate and secure reports on unlisted stocks free of charge, and also is planning to coöperate with the state authorities in seeing that violations of the new law are reported and prosecuted.—*Harrisburg Patriot, August 1, 1923.*

WISCONSIN.

The Paris City Loan Bank, or municipal pawnshop, has added an automobile section to its activities. Two plots of land have been acquired on which garages are being built for the purpose of housing machines of temporarily impoverished sportsmen.

WHY—
THE SMALL LOAN BUSINESS?

"Lend and do good" is a biblical expression. The loan business is as old as organized society. It dates back beyond the time of Homer when the picture of an ox was imprinted on a piece of leather and called "Money."

Money lenders have ever drawn the barbed shafts of wit and ridicule from the time of the Greek philosophers to the present-day pungent paragraphers.

The province of the small money lender is certain and established. His business is essential to the community. He is a necessary element in our financial system.

Sixteen years ago Mrs. Russel Sage established a philanthropic endowment of Ten Million Dollars, the income from which was to be used for the betterment of social and living conditions in the United States. A survey was made by the Sage Foundation of the small-loan business. It was found that considerable proportion of borrowers were being exploited rather than relieved.

There was organized as part of the Sage Foundation the Division of Remedial Loans, whose mission was to conduct a campaign of public education with regard to the necessity of the small-loan business as a part of our fiscal machinery—to point out the evil operations of the prevailing commercial agencies; to procure intelligent, reasonable legislation, based on a desire to regulate rather than annihilate; to oppose passage of impractical laws; to encourage the organization of remedial loan societies that woul make loans at the lowest rate consisten with sound business principles and a reasonable but definitely limited retur upon capital.

Out of this came the "Uniform Smal Loan Law," now adopted by Indiana and 19 other states. This law permitted a flat interest rate of 3½% per month, without fees or other charges. A lower rate had proved insufficient to provide capital needed to meet the demand for loans; a combination of lower rate with additional fees had proved too susceptible of abuse. The new rate was based on definite information concerning the necessary cost of operation and was keyed to the business of the lender of average capital in the moderate-sized cities.

This is one of the series of ads being run in the Fort Wayne papers recently.—Editor.

Meet
Me
At the
Ninth
Annual
National
Convention
Louisville,
Kentucky
September
19 to 22,
1923

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII, No. 4. OCTOBER, 1923. Price, $1.00 a year.

NINTH ANNUAL NATIONAL CONVENTION

It is doubtful if any convention ever held by the American Industrial Lenders' Association possessed the significance and potential value that were the leading characteristics of the Ninth Annual Convention held in Louisville, Kentucky, September 19th to 22d. There have, it is true, been conventions that were larger in point of attendance, but probably no other convention in the history of the Association has had an importance to the future of the organized small loan business that the convention of last month possessed.

The holding of the convention in Louisville, the metropolis of Kentucky and the Middle South, was in itself a bold stroke and one which it hardly seems reasonable to doubt was a wise move. For it was designed to bring to the very heart of hostile territory the advocates of a cleanly and fair system of operation for the money lending business and at the same time to bring the arguments for the legalization of a necessary business squarely to the attention of the thinking people of the State. If the attention given to the convention and its proceedings by the press and people of Kentucky is a fair criterion of the success of the purpose in holding it in that city, it is fair to assume that the meeting has advanced the cause of regulated and legalized money lending not only in Kentucky but in the South as well.

The animating motive in the selection of Louisville as the meeting place for the convention was expressed concisely by National Chairman in his response to the welcoming addresses at the opening session, when he said:

"Kentucky, 'we are here,' several hundred strong, to tell you who we are and what we are. We are here to tell you about the aims and purposes of this Association. We are here to tell you what has been accomplished in the small loan field in the States all around you. We want to tell you how conditions have improved, both for the borrower and for the lender, to tell you how the old-time evils in the business have been overcome and eliminated. We want to tell you about the goodness of the Uniform Small Loan Law and why we believe in it. We want you to know what business men and the general public think about the way we conduct our business. We want you to know what State officials, who administer the laws under which we operate, think about us."

Two circumstances served to place the Louisville convention high among the number held by the Association. These were the distinguished character of several of the speakers, men prominent in the official, legal and educational world; and the presence at one of the important sessions of the convention of some of the most prominent people in the city, persons who have no connections or affiliations with the small loan business and who, indeed, had no acquaintance with its operations, but who were present to learn the facts about it.

OCT 5 1923

C. G. MUELLER.
National Chairman Elect.

Though an introduction seems superfluous a word about the new National Chairman Charles G. Mueller, Philadelphia, may not be out of place at this time.

A pioneer in state and national association work since 1916, having served as National Secretary, National Chairman and Secretary and Vice-Chairman of the Pennsylvania Association besides being chairman of the National Membership Committee for one year and written several master papers on industrial financing, "Doc," as he is familiarly known to his friends, presides over the Community Finance Service, incorporated one of the newer national industrial loan systems embracing some twenty-five offices in most of the principal eastern and middle western cities. His practical experience dates back twenty-five years although yet a young man and includes training with and supervision of some of the older successful industrial finance institutions. His record stands for cleanliness and efficiency. The A. I. L. A. is fortunate in being able to reclaim him for another year's service as its directing and presiding officer.

It was apparent from the outset that the sentiments of hostility to regulation of the small loan business that have kept Kentucky outside the roster of States in which the business has been legalized and placed on a plane of fairness to lender and borrowers alike are entertained for the most part by men and interests who are actuated by selfish considerations, and that these sentiments are not generally shared by men and women of distinction and unquestioned public spirit. This statement is amply substantiated by the very frank utterances of some of the most distinguished citizens of Kentucky, notably Dr. Frank L. McVey, president of the University of Kentucky, and Matt J. Holt, former attorney for the Legal Aid Society, who made it clear that they regarded the present laws under which the business of money lending is conducted in Kentucky as obsolete and inequitable.

Whatever else the convention accomplished of good, and it cannot have failed to have done this in ample measure, it was the consensus of those attending it that it had served to place before the people of Kentucky in a new and advantageous light the small loan business and that it may conceivably be the leaven of a new and better public opinion concerning it, out of which may eventuate legislation that will abolish old evils and establish the business on a legitimate plane.

The convention was formally called to order by National Chairman Rutherford Wednesday morning, September 19th, in the auditorium of the Seelbach Hotel. Mr. Rutherford introduced Dr. E. L. Powell, pastor of the First Christian Church of Louisville, who pronounced the invocation.

The address of welcome to the delegates was delivered by Huston Quin, Mayor of Louisville, who said that Louisville greeted them with everything implied in the welcome of Kentucky. After referring to the

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NATIONAL OFFICERS, 1923-1924.

Chairman, C. G. Mueller, 305 Flanders Bldg., Philadelphia.
Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. K. Dolliver, Liberty Bldg., New Haven.
Ga.—A. B. Madison, 103 Central Bldg., Atlanta.
Ill.—L. C. Harbison, 81 E. Madison St., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—C. A. Gardner, 25 W. Baltimore St., Baltimore.
Mass.—W. E. Pool, 63 Court St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—A. V. Hart, 714 Denckla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 706 Chamber of Commerce Bldg., Richmond.
W. Va.—H. L. White, 220 Schmulbach Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, J. S. Edge, 201 N. 1st St., Richmond, Va.
Finance, W. P. Woll, 337 W. Madison St., Chicago.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, G. Hodson, 135 Broadway, New York.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

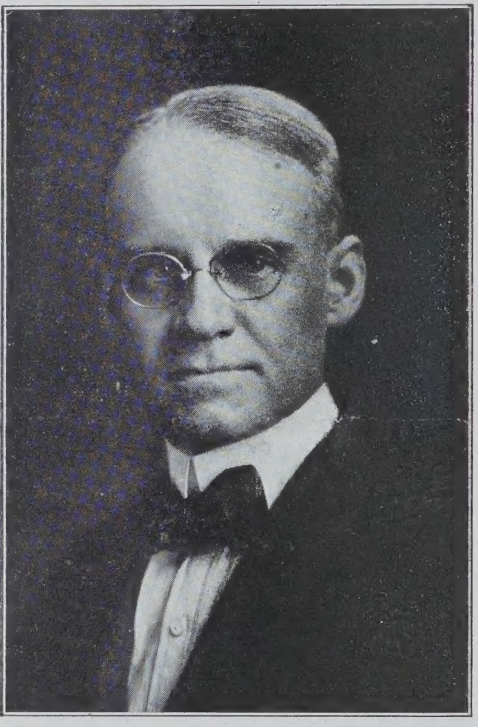
The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—F. B. Snyder, 421 Palmer Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—J. A. Macbeth, 516 Penobscot Bldg., Detroit
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—F. H. Withrow, 27 Arcade, Charleston.

beauty of Louisville and Kentucky, the birth place of Lincoln and Clay, he said that the coming of the convention would be a distinct help to Louisville, whose citizens welcome its delegates because of the things they represent. In no other business, he said, had there been such great changes wrought, changes due to the principles held by the men present at this convention, who had put it on a business basis, and he quoted the designation applied to the small loans business by the Court of Appeals as a "useful business," adding his own definition of it as a sort of "junior bank."

The small loans business, he declared, was an aid to humanity, and he counted it as a great asset to have the legitimate lenders in the city. Because they had not feared to put a wholesome spirit in their business it had been successful, he said and the men and women without credit had found in them real friends. If the business continued to make progress at the same rate as had been made in the last ten years, he predicted that the Association would be one of the greatest organizations in the country.


R. M. Rutherford.
Retiring National Chairman.

Mayor Quin's address was delivered in a tone of friendly informality and with earnestness, frequently interspersed with humorous anecdotes and illustrations.

R. F. Vaughan, a leading member of the bar in Louisville, delivered the address of welcome in behalf of the local members of the Association. Mr. Vaughan frankly criticized the attitude of Kentucky toward legislation which would legitimatize the money lending business in the State, and he said that in his opinion it had not deserved to have the convention held within its borders because of this attitude. Discussing the reasons for this attitude, he said that in the cities it could be explained by the selfishness of those men in the business whose high rates would be done away with, and in the country districts, where there is no industrial population, there is no proper understanding of the problems of financing industrial workers and of the need for remedial legislation.

The response to the addresses of welcome was made by National Chairma Robert M. Rutherford, of New York, former resident of Louisville. When was first suggested that the conventio be held in Kentucky, Mr. Rutherfor said, the idea did not strongly appeal t him, because the state has no associatio of lenders and a convention of this kin had never been attempted in a stat where the small loan business had n been legalized. Kentucky, he declare was one of the states in which the publi conscience did not seem to have bee awakened to a realization that the ma who works for wages should have an must have places where he can borro small sums to meet his emergencie Kentucky, he said, had also failed to real ize the fact that the small loan busines cannot be conducted at banking rates, an if people who need small loans are to b accommodated at reasonable rates, it mus be made possible for lenders to make good commercial profit on the money in vested. Otherwise, said Mr. Rutherfor sufficient capital will not be attracted t meet the legitimate demand and the busi ness will be conducted, in the main, b those who are ready to extract the highes tribute the borrower in his extremity i willing to pay.

"But the small loan business *is* bein conducted in Kentucky," said M Rutherford. "It is being conducte openly as well as otherwise. Your cit and telephone directories carry long list of names in the business; and this take no account of those who operate unde cover; and of the foremen and super intendents of manufacturing plants wh may conduct a 'vest pocket' business wit the men under them. The business is no regulated or supervised in any way, an there is no limit to the rate that may b charged."

Nevertheless, he continued, from th cordial reception accorded the conventio delegates by those in Kentucky who de sire to see the business receive the sam recognition it has received in other States he felt sure that no mistake had bee made in holding the convention in Louisville.

"So, Kentucky, 'we are here,'" h added. "We are here several hundre strong, to tell you who we are and wha we are. We are here to tell you abou the aims and purposes of this Association We are here to tell you what has bee accomplished in the small loan field i the States all around you. We want t tell you how conditions have improved both for the borrower and for the lender to tell you how the old time evils in the business have been overcome and eliminated. We want to tell you about the goodness of the Uniform Small Loa Law and why we believe in it. We want you to know what business men and the general public think about the way we conduct our business. We want you to know what State officials, who administer the laws under which we operate, think of us.

"We believe that our business is entitled to as much recognition and protection as the business of those who supply the other necessities of life, and we therefore ask Kentucky to give to this necessary business the same privileges that we enjoyed in many States of our Union, and to throw around it the necessary restrictions."

The rest of the morning session was given over to the transaction of the routine business of the convention, which included the reports of standing committees and of the secretary.

Tate J. Harrison, chairman of the Membership Committee, reported on the results of a drive for new members in the Association, which was in effect a recital of the trials and tribulations of the chairman of a committee.

Charles H. Watts, chairman of the Committee on Legislation, gave a resume of the year's work in this field. There were 12 legislatures in session and a total of 92 measures bearing on small loan legislations were introduced before them, of which one was enacted into law. This was in Rhode Island.

There were no formal reports submitted by the Chairman of the Law, Publicity and Finance Committees. Secretary Kehr read a letter from F. R. Hubachek, chairman of the Law Committee, regretting his absence from the convention and stating that he had no report to submit. W. P. Woll, chairman of the Finance Committee, stated that his report was covered in those of the Treasurer and Auditing Committee, but he read a resolution, which he said he would later formally introduce, reducing the membership dues in the Association.

The report of the Treasurer and of the Auditing Committee was read, showing the following financial condition of the Association.

REPORT OF THE NATIONAL TREASURER.

W. A. ZUMPFE, *Indianapolis, Ind.*

September 17, 1923.

Receipts.

Cash Balance September 30, 1922	$12,185.85
DUES PAID BY	
Connecticut Association	1,100.00
Georgia Association	700.00
Illinois Association	3,647.00
Indiana Association	3,312.00
Iowa Association	736.32
Maryland Association	861.25
Massachusetts Association	584.16
Michigan Association	874.00
New Jersey Association	1,504.54
Ohio Association	2,425.75
Pennsylvania Association	4,769.50
Rhode Island Association	280.00
Virginia Association	1,185.00
West Virginia Association	180.00
Individual Members	1,040.00
RECEIPTS FROM SALES OF	
Smiths "Facts About Small Loan Business"	124.05
A. H. Ham Address	33.00
"Ways to Locate Skip"	24.60
Year Book	123.04
Subscription "LENDERS NEWS"	233.82
Advertising "LENDERS NEWS"	33.50
Membership Certificates	25.00
Convention Reserve	237.07
Interest Bank Deposit	256.64
	$36,566.09

Disbursements.

Stationery, supplies and postage	$ 702.68
Printing Year Book	476.00
Printing "LENDERS NEWS"	996.69
Printing Miscellaneous	520.12
Publicity and attorney fees	13,942.00
Membership campaign	183.83
Convention expense	1,000.00
Traveling	1,030.35
Miscellaneous expense	625.31
Salaries	3,600.00
Office rent	216.00
Cash Balance September 17, 1923	13,273.11
	$36,566.09

Indianapolis, Ind., September 17, 1923.

On account of the inability of Mr. J. S. Edge, of Richmond, Virginia, Chairman of the Auditing Committee, to attend the Convention, Mr. J. H. Aufderheide was selected to act as Chairman Pro Tem.

This is to certify that the accounts of W. A. Zumpfe, Treasurer of American Industrial Lenders Association, have this day been audited by the undersigned and found to be correct.

Total Receipts for year	$24,380.24
Total Disbursements for year	23,292.98
	$1,087.26
Cash Balance on hand 9-30-22	$12,185.85
Cash Balance on hand 9-17-23	$13,273.11

This balance is verified by a letter from the Ætna Trust and Savings Company, of Indianapolis.

J. H. AUFDERHEIDE,
Chairman Pro Tem, Auditing Committee.

Secretary Kehr stated that he had no formal report to make, but gave the membership of the Association as 402 in twenty states. He read a communication from the Director of the United States Bureau of the Census in which the request was made for information as to the gross amount of business done by the members of the Association. Mr. Kehr explained that the Bureau was the official clearing house of official information as to the extent of business operations in the United States and that this information, which was furnished voluntarily, was published by the Bureau at stated intervals. The interest of the Bureau in the small loan business was to be regarded, he said, as evidence of the importance attached to the business by the Bureau and because of this interest an invitation had been extended to Mr. Steuart, director of the Bureau, to attend the convention or to assign one of his staff to attend it.

Before the adjournment of the morning session National Chairman Rutherford appointed a nominating committee, consisting of the vice-chairman from each state represented, with Alan K. Dolliver, of New Haven, as chairman.

While the convention was in session the morning the ladies who attended the convention as guests were taken for a sight-seeing trip about the city, in charge of C. E. Reed, of Louisville, vice-chairman for the unorganized states, and in charge of the local arrangements.

The morning session had been a purely internal meeting, devoted to the business of the convention and, aside from the welcoming addresses, participated in only by members of the Association. The greatest interests of the day, however, centered in the luncheon, to which about seventy-five representative men and women of Louisville had been invited. The luncheon was held in the Rathskeller of the Seelbach Hotel at 12:15 Wednesday afternoon and the delegates and their guests practically filled the large dining room.

After the luncheon a programme of brief talks by noted speakers explanatory of the small loan business and the need for state regulation of it was carried out. Charles H. Watts, of Philadelphia, who introduced the speakers, said that the Uniform Small Loan Law was practicable in Kentucky, and the work for it should go on despite the fact that it had been lost three times. He advised the local men to coöperate with the welfare leagues.

Dr. Louis N. Robinson, formerly of the Chair of Economics of Swarthmore College, was introduced to speak instead of Walter S. Hilborn, Acting Director of the Division of Remedial Loans, of the Russell Sage Foundation, who was to have spoken on "The Year's Progress and the Uniform Law," but who was unable to be absent from New York at that time because of press of other business.

Dr. Robinson, who also is connected with the Russell Sage Foundation in conducting for it a survey of the small loan business in this country, in his talk sketched the origin of the Foundation, and the purposes for which it exists. He said that the Foundation some years ago, realizing that the financing of necessitous borrowers was a necessity, had worked in the direction of the formation of remedial loan agencies, but had soon recognized these were inadequate to meet the demands and that the business of financing persons in emergencies was the function of business organized for this purpose. The drafting of the uniform small loan law, which established a supervision by the state over the small loan business and fixed a maximum rate of interest which could be charged for such loans, was the outgrowth of this conviction. While at first blush this maximum rate —3½ per cent a month—seemed too high, Dr. Robinson said that it was low when compared to the rates charged by lenders in the old era of unlicensed and unregulated lending and with the rates charged even now by lenders in states where the business is not regulated.

Of the class of persons who borrow in small amounts, he said that the great majority of them were worthy persons, in need of and deserving of financial aid, and the small loan business was a necessary business extending credit to a class who could have no recourse to commercial banks and other sources of credit available to those in more fortunate circumstances.

The Uniform Law, he stated, had legalized the lending business and made it possible to be conducted openly and without cause for shame. It has reduced the interest rate charged on small loans and has made the men engaged in it take a greater pride in it. A campaign of education is necessary, he said, to make the law understood and to bring about its enactment in those states where the business of money lending is still in the hands of men who are extortionate and unfair in their practices. Dr. Robinson said that he had discussed the Uniform Law with a great many of the State superintendents charged with its administration in those states where it is in effect and that they regarded it as a great blessing.

Judge J. S. Baldwin, of Chicago, formerly of the Department of Trade and Commerce of Illinois, spoke in place of William A. Murphy, until recently Director of the Department of Trade and Commerce, who was unable to be present.

Judge Baldwin spoke as one who had first hand knowledge of the practical workings of the Uniform Small Loan

Law, for it was to the Department of Trade and Commerce, with which he was then connected, that the law when enacted in Illinois was assigned for administration. He outlined the provisions of this law and said that, because of a flagrant example of extortion which had come under his notice as a practicing attorney years before, he determined that he would interpret it as strictly as possible against the lenders.

The case of extortion related by Judge Baldwin was that of a borrower in the days before the era of state regulation who had made a loan for $400, of which he actually received $300, and on which in the course of a year through renewals, fees, fines, interest, etc., he had paid $1,200, and still owed $2,400, although he had never received but $300.

His experience with the law, Judge Baldwin said, led him to commend it. The rate, which was the point at which so many well-meaning persons stuck, was a minor consideration, he said, it would regulate itself once you got your hands on the business itself. If the rate seemed unduly high, he said, it should be considered that the men in the small loan business loaned their own capital, unlike the banks which lend the money of their depositors. This, he said, would account for the difference in the interest rate charged by banks and lenders.

Explaining the provision of the Uniform Law which had served to rid the business of many evils, he said that it permitted of no commissions, no fees, no compounding of interest, no pyramiding, no interest collected in advance, and penalized violation of its essential provisions by voiding the loan.

He gave the results of a questionnaire sent out by the Department in 1919, which developed that there was $5,000,000 invested in the small loan business in Illinois, and that the average interest charged on unpaid balances of small loans in that state was between 3 and 3½ per cent a month, as against an average interest rate of ten per cent a month prior to the enactment of the law. Competition, he stated, had cut down the allowable interest charge. The rate of 3½ per cent a month allowed under th eUniform Law, was not 42 per cent a year, as is commonly figured, but really amounts to about 22 per cent, which is about the usual margin of profit on retail merchants' transactions.

Judge Baldwin closed his address with an impressive plea for the enactment of the Uniform Law in Kentucky, which he declared would end the era of "money bootlegging" in the State by bringing the transactions between borrower and lender out from the darkness and secrecy of illicit operations into the open, and which would help to lift the unfortunate and necessitous out of the slough of despondency and to make better citizens of them.

Matt J. Holt, former attorney for the Legal Aid Society of Louisville, told of the need for more knowledge on the part of the general public about the business of small loans and of the good reasons for the existence of this business.

He said that he had recently acquired a new viewpoint of the small loan business through a better acquaintance with facts about it, among them being that the legitimate lenders of the country annually lend some $150,000,000 to about 2,000,000 necessitous borrowers and that only 15 per cent of the adult population of the country possesses credit accommodations at commercial banks. Necessarily, he concluded, 85 per cent of the population in any great emergency requiring credit must have recourse to men who make small loans. He referred to the handicap under which lenders in Kentucky who wish to make loans at a low rate of interest are put because of the absence of any law to curb the rapacity and greed of those lenders who charge extortionate rates of interest. The business of money lending, he said, is conducted in this State under the same laws as 100 years ago, and Rome 2,400 years ago had better laws for the protection of the poor claimant than now exist in Kentucky.

The maximum rate allowed by the uniform law at first blush seemed exorbitant he said, but the fact that the risks in such loans are enormous, that they are made on no stable or liquid security and that investigation of the risk is impracticable, justify a much higher rate of interest than it is permitted banks to charge on gilt-edged security. The enactment of the uniform law in Kentucky, he asserted, would be greatly better than the present evasion of the law. He described the operation of courts of small claims in other States, which he commended as beneficial to the poor plaintiff and defendant. Selfishness, he declared, stood in the way of the enactment of the uniform law in Kentucky, and the opposition to it was by the high rate lenders.

Mr. Holt's address was the closing one of a most interesting day, in which every speaker had held the close attention of his hearers. The luncheon and the addresses took up the greater part of the afternoon, for the latter part of which a two-hour motor drive in and about Louisville had been scheduled. The trip started at 4 o'clock from the Seelbach Hotel, about fifty cars having been provided for the excursion. About 200 of the delegates and guests of the convention went on the motor excursion and were taken through the city's principal streets and boulevards, to the parks and places of historical interest, and the diversion was thoroughly enjoyed by those who took part in it.

Dancing was on the programme for Wednesday night, those who still indulged in this form of exercise—and there were many of them—enjoying themselves on the Seelbach Auditorium floor from eight o'clock until midnight. For those who did not wish to attend the dance there was an informal business meeting for the discussion of subjects of interest to those in charge of the practical operation of offices.

Thursday morning's session was called to order, with National Chairman Rutherford presiding. In calling the meeting to order Mr. Rutherford used a gavel presented for the occasion by the Louisville Convention Publicity League, which he explained was made from a tree on the farm in Kentucky which was the birthplace of Abraham Lincoln.

Secretary Kehr read a letter received from Walter S. Hilborn, of New York, regretting his inability to be present to deliver his prepared address before the convention, and enclosing a copy of the address for the minutes of the convention.

The first paper read at this session was that of Will Pente, of Chicago, on "Advertising the Small Loan Business." Referring to the ignorance of the general public about the small loan business, Mr. Pente said that advertising would help to get the public to view the business as fairly as banking or any other worth while business. The public, he said, was ready for the Universal Bank, and he believed that in time banks may be forced to open departments for the making of small loans. The Union Bank, of Chicago, he said, had already taken a step in this direction.

The lenders' commodity, Mr. Pente said, was not so much money as it was service. He defined the advertising manager as a super-salesman and said that an analysis of "turn-downs" would indicate that either the individual advertising is at fault or the choice of mediums has been wrong. He estimated that 66,000 people in Chicago were on lenders' books, which he believed was far from the saturation point. Discussing the amount of money that should be appropriated for advertising, he said that advertising men advised 3 per cent of the gross sales for this purpose. He advised against sole reliance on the want ad pages, saying that by advertising otherwise a new class of borrowers would be appealed to. He advised supplementing newspaper advertising by the use of direct sales media, such as folders and booklets, street car cards and blotters. The use of these he said, would develop 'consumers' acceptance."

How the Rhode Island legislature last winter unanimously passed a law regulating the small loan business was described by Arthur L. Wick of Philadelphia in his address. Mr. Wick briefly ascribed the success of the legislation to "a good bill and hard work."

"I might also say that our campaign was successful," Mr. Wick added, "because after proper education the people of Rhode Island saw the goodness of our bill and they wanted it to become a law. It was no easy matter in the beginning to assure these people that our bill was really constructive. They had to be shown its true value. This is where the need of education comes in."

Mr. Wick described the extraordinary political conditions that prevailed in Rhode Island at the time the bill was passed, the Legislature being almost equally divided between the Democrats and Republicans, with a Republican majority of two each in the House and Senate.

The Rhode Island bill was fashioned after the Uniform Small Loan Law originally drafted by the Russell Sage Foundation, and was made to conform with the constitution and practice of Rhode Island. It was drawn up by the best legal talent in New England and after thorough study and investigation it was endorsed by the leading civic bodies of the State as well as by some of the most prominent churchmen and officials in Rhode Island, among the latter being the State Banking Commissioner.

Mr. Wick described the various steps in the campaign by which the public was instructed through the press as to the various features of the bill, what it was intended to accomplish and how, and told of the great interest that was manifested in the measure as shown by the attendance at the public hearings on it before Senate and House Committees. Commenting on what makes for success in a legislative campaign, Mr. Wick said:

"Granting that your bill is all that it should be and an improvement over the law in the states in which you wish to legislate, the next thing in order is to have the legislators, state officials and the citizens of the state see it the same as you do. You cannot do this by any underground method or secret passage. It pays to be open and above board and hide nothing and it pays to lay your cards on the table. If your men do not at first see the goodness of your bill they must be educated up to it. This is another step toward a beginning and if you are unable to convince them that your bill will do all that is required of it, you might just as well give up the idea of passing your law in that particular State at that particular time, because it is really the citizens of the State in which you wish to legislate that will pass or kill your bill."

Mr. Wick said that it was his conclusion that the Uniform Small Loan bill is the best bill that has ever been enacted and that, until something better is devised, it should be supported by industrial lenders and every effort made to educate the public upon its merits.

Because of the lateness of the hour at which the morning session convened and the length of the programme, other set addresses on the programme for this session were put over until the afternoon and the session adjourned.

The afternoon session was called to order with Mr. L. T. Baker, of Chicago, in the chair. Alan K. Dolliver, of New Haven, Conn., spoke on "Should Small Loan Companies Be Permitted to Receive Savings and Deposits?" Mr. Dolliver held that to do so would sound the death knell of the industrial lender as such.

The question, he said, should be viewed in its possibilities for benefit to the lender, and he believed that it would be inadvisable to include this among the functions of the small loan business.

He did not believe that any bank examiner would sanction the making of loans with depositors' money on unstable and insecure small loans, unbacked by any collateral, and the restriction that would necessarily follow would result in cutting down the volume of small loan business and hence in curtailing its service to that part of the population which have no banking facilities.

Mr. Dolliver also deprecated suggestions for the merger of the small loan business with commercial banks, the small loan business to be run as a department of the bank. He believed that the outcome would be that the small loan department would become a side line, or adjunct, of the bank, carried along by the profits of banking operations. The costs of operation of small loans being greater than those of banking, he said, it would be natural that the banks would give the greater attention to that department in which the profits were greater and this would be obviously to the detriment of the small loan business and to the quality and extent of its service.

He advocated maintaining the small loan business as a specialized business, and believed that in this way lowered rates, reduced operating costs and ratio of losses and increased volume of business would be brought about.

In the discussion which followed Mr. Dolliver's paper, Col. D. H. Pond, of Cleveland, agreed with Mr. Dolliver that the answer to the question propounded by his address should be "No," giving the experience of his own institution which, he said, has been receiving deposits. He thought that this was too unstable a method of capitalizing a lending business and pointed out that whenever a lending company does receive deposits it must satisfy the State Banking Department and its depositors that it has sufficient assets back of its deposits to safeguard the money of its clients.

Mr. F. E. Stroup, of Grand Rapids, told of his company's method of enlisting outside capital by the issuance of preferred stock redeemable after a year on sixty days' notice, but said that he would not want a great deal of this sort of financing. Mr. T. R. Schoonover, of Lima, Ohio, said that he believed that the receiving of deposits was too expensive a way of raising money and saw no practical advantage in it. Mr. J. H. Aufderheide, of Indianapolis, read from a clipping to show that a bank actually operated at a loss of seventy cents on a balance of $300, and believed that this was sufficient evidence that the small loan business could not profitably be operated on a capital consisting of small deposits.

George W. Farrington, of Indianapolis, in his paper on "Educational Publicity" made a plea for collective advertising of the small loan business, giving the experience of the Indiana State Association in this field. Mr. Farrington's address was interspersed with humorous anecdotes and stories which kept his hearers in good humor throughout his talk.

The rapid and radical change in the business, Mr. Farrington said, have forged ahead of public knowledge so speedily that the average citizen scarcely knows that anything has happened. For this reason he believed that the education of the public through advertising is incumbent upon the Association.

"The chief object of this brand of advertising," Mr. Farrington stated, "is to enlighten the general public and to popularize the small loan business. It is up to us to inform the people what we have and how they may use it. Since the rates are uniform, the service and terms almost identical, we all desire to impart the same message. Granting this to be true, the industrial loan business better than any other can be advertised collectively.

Mr. Farrington mentioned several instances where the effectiveness of coöperative advertising had been proven in other lines of business, notably the California Fruit Growers' Association.

Mr. Rutherford resumed the chair and called upon R. C. Clark of Indianapolis, who spoke on the "Indiana Publicity Campaign," Mr. Clark stressed the value of advertising in making known to the public the real character of the money lending business.

He told of the advertising campaign conducted by the Indiana Industrial Lenders' Association as a way of letting the people of that state "know that the loan business is now conducted in a well regulated manner, by business men who are devoting their sincere efforts and much capital to the end that men and women of Indiana might borrow money at a fair rate when they most needed it."

"If you have a product or service and this product or service is of value to the public tell them about it," Mr. Clark advised. "If the services of an industrial lender really are of true value to the citizens of a community, tell them about it. If there has been a decided change in the methods of doing business in the small loan field, then let the public know about it."

Mr. Clark said the first suggestion for the Indiana campaign was made more than five years ago, finally taking shape early this year. He said that he had first suggested a national campaign, and he now believed that it will not be long until the wisdom of that idea is realized.

At the conclusion of his address he read a few of the advertisements he considered particularly effective that were used in the Indiana campaign.

The essential difference between the commercial bank and a money lending business was explained by P. L. Alberse, of Paterson, N. J., in his paper "Banking vs. Money Lending." The banker, Mr. Alberse explained, can multiply his resources and thus aid in the development of trade in his community, while the industrial lender does not possess this power but is obliged to make his investments from his own funds. Loans are made by him to the ordinary citizen who has no bankable security to finance him in an emergency such as sickness, unemployment, the education of the children or the necessity of maintaining the practice of making purchases for cash only.

Mr. Alberse showed how the public can get the wrong impression concerning the popular terms of interest and profit, terms which are readily confused. The banker can turn a low rate of interest into a high rate of profit to himself, while the industrial lender, who apparently receives a high rate of interest, in reality receives but a low rate of profit on his investment. Several applicable instances served to illustrate the point.

A retail grocer, Mr. Alberse said, who discounts his bill every 10 days at 2%, is receiving 72% per year on this one item alone. A huckster, too, who loans his truck at a cost of $100, making a gross profit of $20 per day, is really earning 600%, on that part of his investment.

For these and similar reasons, it has been found necessary to have special interest laws for special lines of business. Laws for the banks, the building and loan associations, small or industrial lenders, automobile finance companies, pawn brokers and others, cannot come under one head. There is too vast a difference in their operation.

Mr. Alberse further urged that each special class of finance be conducted strictly within its limit. Small loans should be limited to the amount allowed by law; and no over-loans should be made under the acceptance of endorsements or otherwise. In order to most satisfactorily fill his place the industrial lender should depend exclusively on the security, moral character, and earning power of the borrower. This mode of lending, he said, will work in harmony with the commercial banker, and those operating under other special laws.

A. R. Dana of Chicago addressed the convention on "What Constitutes Good Will," declaring that more than anything else it makes for the success of a business, and particularly of a business of the character of money lending. He outlined the ways in which good will might be developed particularizing a connection with civic bodies as being valuable in this respect. The greatest contributing cause of good will, he said, was the manner in which clients are treated by the lenders. Good and fair treatment, he declared, would insure that they will return when again in need of financing and furthermore, that they will give a good report of their own experience to others. Mr. Dana emphasized the value of enthusiasm in the conduct of a small loan business, saying that nothing great was ever accomplished without it. The destiny of the small loan business, he said, was with the lenders themselves and it would be accomplished largely through the good will engendered by them in the conduct of their business.

That the question must eventually be considered by the National Association and the justice of the 3½ per cent rate must be defended, was the conclusion of F. B. Merritt, of New Brunswick, New Jersey, in his address on "What Rate Should Be Charged on Endorsed Note Loans."

Significant figures were given by B. E. Henderson, of Chicago, in his address "Does it Pay to be Too Efficient in Collections?" Discussing efficiency of collections, Mr. Henderson contended that it was false efficiency to strive to get the last cent of profit out of business by using unethical methods in making and collecting loans.

Mr. Henderson gave the results of a questionnaire sent out by his company to its branches in which many thousands of loans had been made. The replies showed, he stated, that in 1922 there were but eight foreclosures in the entire business conducted by the company, and these only in cases where the borrower had abandoned the security. They had 132 enforced collections in the same period, that is in cases where advantage was taken by the company of some legal right to obtain payment; and had 67 cases where the security or part of it was voluntarily turned over by the borrower for sale. In that same year Mr. Henderson said, 21 per cent of all their loans were in amounts up to and including $50; 45 per cent were in sums from $50 to $100; or 65 per cent of all loans made were in amounts not in excess of $100.

Because of the lateness of the hour and to give the delegates an opportunity to prepare for the annual dinner, the address by Charles R. Napier, of Chicago, which was on the program for Thursday afternoon's session, was put over until Friday morning, and the session was adjourned.

The program of addresses at the annual dinner Friday night was really a symposium of expert sociological opinion on the necessity of industrial lending, as the only addresses made during the evening were by three university doctors distinguished in the field of sociology and economics.

The dinner was held at eight o'clock in the Rathskeller of the Seelbach Hotel, the Association members and their guests filling the spacious room. During the dinner the company was entertained by numbers given by the International Novelty Orchestra and by Miss Fanny May Baldridge, of Louisville, whose negro songs and impersonations of negro characters were enthusiastically received by her audience. At each plate was placed a booklet handsomely illustrated with pictures of an old Kentucky homestead and of Stephen C. Foster, Kentucky's famous song writer, containing the words and music of Foster's three best known songs. Led by Miss Baldridge, the diners joined in the chorus of "My Old Kentucky Home," "Old Folks at Home" and "Old Black Joe." The songs were sung with so much zest that Mr. Rutherford suggested that the chorus of "Old Black Joe" be repeated, and this was done as the diners stood.

Chairman Rutherford presided at the dinner as toastmaster and in introducing the first speaker, Dr. Frank L. McVey, president of the University of Kentucky, he expressed his great pleasure at being "back home" in Kentucky on this occasion, and having the privilege of introducing as the after-dinner speakers three eminent sociologists.

Dr. McVey's address, "Small Loans As An Industrial Factor," was an earnest and scholarly argument for the right of industrial workers to legislation that will give them an economic independence. Men in the small loan business, he said, may make it possible for craftsmen to revive the trades they learned in Europe and become contented producers instead of industrial cogwheels.

"The slowness of the development of legislation to meet the needs of the fast progressing business world is one of the main causes of unrest in America today," Dr. McVey declared. "An example of the long period it takes to work out legislation in the field of industry is the passage of the Interstate Commerce Act. This was introduced first to the public in the early '60's, but it did not become law until twenty-five years later. Legislation against the trusts first made its appearance in 1871. The Sherman Act was not passed until 1890. This long delay in the passage of laws constructive to business is, under the present conditions, necessary. I hope that something will be done in the field of social legislation. This will do much to check the spirit of dissatisfaction among the working people and the small business men.

"Industrial conditions in America today are approaching the same plane as those in Europe prior to the World War. A striking similarity is seen in the host of problems confronting the United States Government to-day, and those which disturbed Europe before the conflict. When this nation was founded, the pioneer American went into the woods and provided all his needs. But in the present day, the man who has little capital and must provide financial independence for himself and his family must turn to some great established industry and dissolve himself into its personnel in order to attain an independent position.

"America has developed every resource, every vast store of material, with the exception of the human factor in industry. The meeting of this problem will put an end to the unrest in the middle classes and settle social conditions.

"In their mad rush for development the American people have lost sight of many of the great fundamentals upon which this nation was built. Their greatest loss is thrift. No one is interested in saving. This is partly due to no provision for the working man in the banking system in this country. Europe has taken steps to help the working man become better acquainted with the bank, but in America the man who cannot give substantial collateral finds it hard to borrow money from a bank."

The industrial lender, Dr. McVey said, could be an effective element in encouraging thrift, by fostering small savings to make small investments which will, in turn, become productive enterprises on an individual basis, and thus he can clear the current of economic progress of much of the festering unrest which threatens it

"The craftsman and skilled workman should have a chance to go into business for himself," he continued. "To do this he must have capital. Few States have regulation of the loan business, with the result that in many instances unfair loan men have created distrust of the business among working men because of the excessive percentage they demand on loans. Regulate all banking, public and private, through legislation. This is surely coming, and it is every man's duty to hasten the day when this is brought about."

The great importance and necessity of research in the proper adjustment of the lending business to modern conditions, economic and social, was emphasized by Dr. Earle Edward Eubank, head of the Department of Social Science, University of Cincinnati, in his address on "Small Loans and Social Research."

"Thorough research in the field of small loans is necessary to this business," he said. "The last decade and a half has shown more progress and rational grasp of fundamentals in dealing with this problem than all the previous centuries during which the need has been present.

"That this is the case is due in a large measure to the fact that scientific research has made a beginning at blazing the trail. It is reasonable to suppose that further progress also must be made upon further accurate knowledge. Research should therefore be welcomed by such a body as this and systematic provision should be made for its continuance.

"Getting rid of the loan shark is no longer the problem of the economic scientist. The problem now is to meet the need for small loans by methods akin to those employed by the big bankers."

"A Year's Progress in the Survey of the Small Loan Business" was the subject of the next speaker, Dr. Louis N. Robinson, who is engaged in a nation wide study of this field under the auspices of the Russel Sage Foundation.

Dr. Robinson briefly outlined the purposes of the survey, which is in line with a scientific consideration of the entire business of money lending, and went at some length into the early history of money lending and the causes which make it a necessary and useful business. He told of the long fight by well meaning men and women against the evils and oppressions of unregulated lending and how success in their efforts was finally attained by the drafting and enactment of a workable and scientific law to regulate and supervise the business by the State.

"Three and one-half per cent a month does not make the same appeal that it did in the days when the crusade against loan sharks was in progress," said Dr. Robinson. "The small loan business has reached a stage where it is looked upon with a fair view of respectability. Legalization of the small loan business at a livable rate will be a great benefit to the business."

Friday morning's session was called to order by National Chairman Rutherford who introduced the first speaker, Charles R. Napier, of Chicago, who delivered an address on "Reputation," Mr. Napier's address was a scholarly and eloquent discourse on the essential nature of reputation, which he defined as being "What the world thinks we are." The world has given the loan business a bad reputation based on its practices of old, and he declared that it was a duty incumbent on the reputable men engaged in the small loan business to defend it. He referred to the old practice of high pressure collections which had slowly degraded an ancient business, and said that the change for the better in Illinois began fifteen years ago in development of a conscience in the business.

This conscience in business he said constituted a "business morality" and had its value. A rising tide of understanding of and respect for the small loan business had followed upon the enactment of the Uniform Small Loan Law, he said, and he cited conditions in Illinois to substantiate this statement.

Upon the conclusion of Mr. Napier's address Chairman Rutherford called upon Mr. Elmer Johnson, in charge of the Loan Division of the State Bank Department of Indiana, who said that he had never heard a complaint against any member of the Indiana Lenders' Association and that he had never received from any other single line of business the same amount of coöperation that he has received from the lenders of Indiana.

A discussion of office methods, practices and appliances was on the regular order of the program for Friday morning and Mr. E. F. Moore, of Philadelphia, the first speaker, described the one-card system used in his office, which prompted many questions from other delegates. The discussion was participated in by Mr. Farrington, of Indianapolis, Mr. Moss, of Philadelphia; Mr. Miller, of Illinois; Mr. Rose, of Chicago; Mr. Baker, of Chicago; Mr Young, of Philadelphia; Mr. Clupper, of Marion, Ind.; Mr. Watts, of Philadelphia; Mr. Henderson, of Chicago; and Mr. Merritt, of New Brunswick, New Jersey.

At the close of this discussion Mr. Woll, chairman of the Committee on Finance, reported that $2,800 had been contributed for the expenses of holding the annual convention by the National Association, the State Associations and the three local offices of Louisville. Mr. Reed, in charge of the local arrangements, then read a report itemizing the expenditures and upon motion of Mr. Vogel of New Jersey a vote of thanks was given Mr. Reed by the convention.

Mr. Woll then offered a resolution providing for a reduction in the annual membership dues in the National Association to $10 a year for each office, to be paid by the treasurer of each State Association. Mr. Woll explained that he accepted full responsibility for the resolution, and said that while adoption would mean a substantial reduction in the revenues of the Association, its expenditures could be curtailed and the money for the annual conventions could be obtained through voluntary contributions.

The introduction of the resolution caused the most prolonged and spirited debate of the entire convention, in which practically every member of the Association in attendance took part. It was obvious that while many members appreciated the sincerity and earnestness of Mr. Woll's motive in offering the resolution, there was a grave doubt on the part of most of the members of the wisdom of reducing the revenues of the Association.

Mr. Vogel raised the point of its effect on the expenditures of the Association and Mr. Hartz of Indianapolis opposed the suggestion of voluntary contributions to defray the cost of holding the annual conventions. Mr. Woll conceded that the adoption of the resolution would mean the discontinuance of the Lenders News, but was of the opinion that the publication could be dispensed with. Secretary Kehr gave a summary of the annual receipts and expenditures of the Association. Mr. Stratton of Indiana declared against the resolution, favored continuing the News and said that the present membership dues were fair. Treasurer Zumpfe and Mr. Merritt also spoke briefly against the resolution and Mr. Gardner moved that it be laid on the table and the motion was carried.

Judge Dyer, of Columbus, held that the chair's interpretation of Article 19 of the constitution, requiring notice in advance of the introduction of a resolution was erroneous, in this particular, as it would prevent the introduction of any amendment to a resolution which had been offered in accordance with the requirements of this article of the constitution. On motion Mr. Woll's resolution was then taken from the table to be considered at the afternoon session, and adjournment of the morning session was taken.

Discussion of Mr. Woll's resolution for reduction of membership dues was resumed at this session when Mr. Tyson introduced a resolution to change the wording of the article in the Constitution relating to membership dues, to make it read "twenty-five cents on the average loan balance."

The debate upon this amendment became so involved and complicated that it threatened to tie the session up hopelessly in a parliamentary tangle and on motion of Mr. Harbison of Chicago the question of the proper parliamentary procedure was referred to a committee of lawyers present. Chairman Rutherford named Messrs. Dyer, Napier, Anderson, Thompson and Hubachek as members of this committee and the debate halted while they conferred.

In the interim the Nominating Committee reported the following nominations: Dr. Charles G. Mueller, National Chairman, 305 Flanders Building, Philadelphia, Pa.; W. A. Zumpfe, National Treasurer, 701 Odd Fellows Building, Indianapolis; G. W. Kehr, National Secretary, 204 Chestnut Street, Harrisburg, Pa.

Standing Committee Chairmen.

Auditing—W. E. Pool, Mass.
Finance—W. P. Woll, Chicago.
Law—F. R. Hubachek, Minneapolis.
Legislation—C. H. Watts, Philadelphia.
Membership—T. J. Harrison, Waterloo, Ia.
Publicity—R. F. Hartz, Ind.

The choice of the Nominating Committee was unanimously ratified by the Convention and in motion the Secretary was instructed to cast the ballot of the convention for the officers named.

Dr. Mueller, the president elect, was then escorted to the platform by Mr. Young, and Mr. Rutherford inducted his successor into office by pinning on him the badge of office and surrendering to him the gavel as presiding officer.

Dr. Mueller on assuming the chair briefly thanked the delegates for the honor conferred upon him.

Dr. Mueller expressed his appreciation of the confidence reposed in him by the members of the Association as evidenced by their selection of him for the important office, which had been so ably filled by his predecessor, National Chairman Rutherford.

He asked that everyone within hearing of his voice should feel at liberty to bring to his attention at any time matters for the advancement and progress of the small loan business as a whole of the members individually and of the Association, and he reserved for himself in turn a like privilege, realizing that the Association could not grow and prosper without a wholesome, enthusiastic and united coöperation.

He closed his remarks with the pledge that he would energetically administer the duties of the office of National Chairman and would give to the work the best within him.

Secretary Kehr then read a letter from Director of the Bureau of the Census at Washington, requesting information about the small loan business. Chairman Mueller said that this information could only be supplied by the voluntary actions of individual members and suggested that members of the Association send the information requested direct to the National Secretary for transmission to the Census Bureau. Mr. Watts said that while his company individually would be glad to do this, he doubted if the request would generally be acceded to, as the average lender needs education upon the subject. The matter of giving such information was supported by Messrs. Baker and Harbison of Chicago, the latter telling how a frank statement of this kind had resulted in saving the Uniform Small Loan Law in Chicago when a bill was before the Illinois Legislature providing for a reduction of the maximum rate from 3½ to 2½ per cent a month.

Mr. Harbison then asked for an expression of reasons why it should not be done in this case, and when there was no response he asked how many present were willing to give the Census Bureau the information requested. Mr. Schoonover of Lima, Ohio, spoke briefly, doubting the advisability of giving the information, and at this point the committee of lawyers reported on their discussion of the point of parliamentary law referred to them by the chair.

Mr. Napier for the committee reported that they recommended that an amendment to an amendment could be offered in the regular way and should be voted on in the reverse order in which they were offered.

Judge Dyer then took the floor and made a strong argument against the reduction of the annual membership dues. Debate again became general and gave promise of becoming as prolonged and complicated as before when it was ended by Judge Dyer's motion that both the resolution and the amendment to it be tabled. This was seconded by Mr. Young and the motion was carried.

Secretary Kehr then extended the invitation of the Chamber of Commerce of Harrisburg, Pennsylvania, to hold the 1924 convention in that city, at the same time telling of some of the beauties and advantages of his home city. Mr. Stratton suggested French Lick, Indiana, as the meeting place for the next annual convention, and both recommendations were referred to the Executive Committee for action.

Secretary Kehr announced that the silver loving cup for the State Association having the largest percentage of its membership present at the convention was won by West Virginia. In point of numbers present, the State did not lead, however, this honor going to Indiana, while Kentucky and Texas, both unorganized states had 100 per cent of their members present.

In adjourning the convention subject to the call of the National Chairman, Doctor Mueller bespoke the coöperation of all the members of the Association in the work before him and pledged the utmost fidelity and loyalty to its interests on his own part to make the year of his administration the best year in the history of the Association.

The registration of the members and guests of the Association attending the convention showed a total of 168, with 16 States represented. Those who registered were:

REGISTRATION LIST.

R. C. Aufderheide, Commonwealth Loan Co., Indianapolis, Ind.

R. F. Hartz, American Loan Co., Indianapolis, Ind.

D. R. Reynolds, Commonwealth Loan Co., Indianapolis, Ind.

Joseph Baum, Indiana Loan Co., Indianapolis, Ind.

A. V. Keeney, State Loan Co., South Bend, Ind.

V. V. Burrell, State Loan Co., South Bend, Ind.

A. C. Brougham, Legal Loan Co., Marion, Ind.

J. H. Aufderheide, Commonwealth Loan Co., Indianapolis, Ind.

Geo. A. Grinsteiner, Commonwealth Loan Co., Indianapolis, Ind.

V. J. Schurman, Indiana Collateral Loan Co., Indianapolis, Ind.

W. A. Zumpfe, Indianapolis, Ind.

W. G. Chandler, Commonwealth Loan Co., Indianapolis, Ind.

Geo. W. Farrington, Commonwealth Loan Co., Indianapolis, Ind.

J. G. Clark, Washington, Ind.

F. E. Jarvis, The Knox Co., Real Estate & Loan Co., Vincennes, Ind.

Francis L. Thompson, Thompson Loan Co., Shellyville, Ind.

W. R. Hancock, Model Loan Co., Indianapolis, Ind.

C. B. Currey, Huntersville Remedial Loan Association, Connersville, Ind.

M. S. Kent, Household Finance Service, Indianapolis, Ind.

Thomas B. McGregor, Jefferson Loan Co., Madison, Ind.

John McGregor, Jefferson Loan Co., Madison, Ind.

H. E. Lowes, Indiana Finance Co., South Bend, Ind.

W. W. McClure, First Security Co., Union City, Ind.

R. C. Clark, Emerson V. Knight Advertising Agency, Indianapolis, Ind.

S. F. Smith, American Loan Co., Evansville, Ind.

C. H. Stratton, Fidelity Loan Co., Sullivan, Ind.

J. B. White, Jefferson Loan Co., New Albany, Ind.

Elmer Johnson, Banking Dept., Indianapolis, Ind.

Geo. L. Clupper, Clupper Loan Co., Marion, Ind.

R. T. Calender, Clupper Loan Co., Marion, Ind.

B. E. Henderson, Chicago, Ill.

J. B. Skinner, Roseland Loan Co., Chicago, Ill.

W. I. Marsh, The William I. Marsh Co., Chicago, Ill.

L. C. Harbison, Chicago, Ill.

F. E. Tyson, Fidelity Loan Co., Danville, Ill.

William I. Woll, Chicago, Ill.

A. H. Williams, Chicago, Ill.

C. B. Burch, Chicago, Ill.

James D. Lynch, Chicago Household Loan Co., Chicago, Ill.

P. C. Meredith, Fidelity Loan Co., Springfield, Ill.

J. I. Grubbs, Fidelity Loan Co., Chicago, Ill.

Arthur R. Dana, Chicago, Ill.

A. P. Snite, Imperial Credit Co., Chicago, Ill.

Fred B. Snite, Local Loan Co., Chicago, Ill.

John A. Breen, Citizens Loan Association, Chicago, Ill.

Nathan Albrecht, Fidelity Loan Co., Peoria, Ill.

Will Pente, Chicago, Ill.

Charles R. Napier, Chicago, Ill.

R. Y. Baughman, Fidelity Loan Co., Rockford, Ill.

D. H. Rose, Chicago Mortgage Loan Co., Chicago, Ill.

L. T. Baker, Baker & Co., Chicago, Ill.

A. G. Kilzer, Fidelity Loan Co., Chicago, Ill.

W. B. Miller, Fidelity Loan Co., Moline, Ill.

James A. Baldwin, Decatur, Ill.

Col. D. H. Pond, The Economy Savings & Loan Co., Cleveland, Ohio.

Fred B. Hill, The City Finance Co., Columbus, Ohio.

L. K. Osborne, The Capitol Loan Co., Columbus, Ohio.

B. H. Thuma, Capitol Loan, Columbus, Ohio.

Ed. B. Beyer, The Cincinnati Collateral Loan Co., Cincinnati, Ohio.

J. Fred Anderson, The Springfield Collateral Loan Co., Springfield, Ohio.

T. R. Schoonover, The City Loan and Saving Co., Lima, Ohio.

F. J. Schneider, Household Finance Co., Cleveland, Ohio.

Edward E. Timmermeister, The City Loan and Saving Co., Lima, Ohio.

C. G. Liggett, Beneficial Loan Society, Dayton, Ohio.

J. H. Dyer, Ohio Finance Co., Columbus, Ohio.

J. B. Merriman, Empire Finance Co., Akron, Ohio.

Arthur L. Wick, Peoples Finance Service Co., Philadelphia, Pa.

O. H. Watts, Peoples Finance Service Co., Philadelphia, Pa.

E. F. Moore, Peoples Finance Service Co., Philadelphia, Pa.

Charles Mueller, Community Finance Service, Inc., Philadelphia, Pa.

Geo. W. Kehr, Co-Operative Loan and Investment Co., Harrisburg, Pa.

William Young, Community Finance Service, Inc., Philadelphia, Pa.

Alfred S. Ezekeil, Provident Loan Co., Philadelphia, Pa.

V. D. Moss, Guarantee Loan Co., Philadelphia, Pa.

W. H. Patterson, Community Finance Service, Inc., Philadelphia, Pa.

P. B. Reeves, Pittsburgh Security, Pittsburgh, Pa.

B. E Reed, Provident Loan Association, Louisville, Kentucky.

Jas. E. Lewis, Provident Loan Association, Louisville, Kentucky.

H. M. Hardesty, Citizens Loan Co., Louisville, Kentucky.

G. E. Henderson, Falls City Loan Co., Falls City, Kentucky.

J. O. Jenkins, Falls City Loan Co., Falls City, Kentucky.

R. W. Hardesty, Louisville, Kentucky.

W. L. Doolan, Louisville, Kentucky.

R. M. Smith, Citizens Loan Co., Louisville, Kentucky.

J. W. Pierson, Kenton Loan Co., Covington, Kentucky.

Sol. H. Vogel, Trenton Loan Realty, Trenton, N. J.

Frank B. Merritt, Middlesex Finance Co., New Brunswick, N. J.

P. L. Albeise, Protective Investment Co., Paterson, N. J.

J. J. Irish, Peoples Finance Service Co., Jersey City, N. J.

W. J. Igoe, Peoples Loan Co., Jersey City, N. J.

J. C. Toole, New Jersey Loan Co., Jersey City, N. J.

R. M. Rutherford, National Equitable Investment Co., New York, N. Y.

Geo. Hodson, Beneficial Loan Society, New York City, N. Y.

H. F. Woods, New York, N. Y.

Louis N. Robinson, Russell Sage Foundation, Swarthmore, Pa.

F. E. Stroup, Industrial Mortgage and Investment Co., Grand Rapids, Mich.

H. H. Jordan, Jordan & Jordan, Grand Rapids, Mich.

J. A. MacBeth, Detroit Mortgage Loan Co., Detroit, Mich.

H. D. Firth, Kalamazoo Loan Co., Kalamazoo, Mich.

M. W. Noble, Battle Creek Loan Co., Battle Creek, Mich.

Wm. B. Gurner, West Virginia Loan Co., Charleston, W. Va.

Owen Musgrave, West Virginia Loan Co., Huntington, W. Va.

H. O. White, State Loan Co., Wheeling, W. Va.

Chester W. Gardner, United Finance & Security Corp., Baltimore, Md.

E. E. Hougham, Co-Operative Loan & Investment Co., Baltimore, Md.

W. F. Bradshaw, The Empire Co., Norfolk, Va.

A. B. Madison, The Master Loan Service, Inc., Atlanta, Ga.

T. P. Thompson, National Small Loan Society, Norfolk, Va.

S. R. Edmonds, Industrial Investment Co., Beaumont, Texas.

T. Harrison, State Loan Co., Waterloo, Iowa.

Alan K. Dolliver, Beneficial Loan Society, New Haven, Connecticut.

Daniel J. Wholey, American Loan Co. of Lowell, Inc., Lowell, Mass.

Most of those attending the convention remained in Louisville over Saturday to make the trip to Mammoth Cave, Kentucky. The arrangements for the excursion to this point, one of the great natural wonders of the world, had been made by C. E. Reed, of Louisville, in charge of local arrangements, and a special rate had been obtained from the railroad.

Trip to Mammoth Cave.

Some fifty delegates with their wives daughters and etc., remained over Saturday for the trip to Mammoth Cave. E. G. Jones, City Passenger Agent of the L. & N. R. R. saw to it that this was a delightful experience. The special train with happy people pulled out of Louisville on time reaching Glasgow Junction to meet the "Tunerville Special" without mishaps. Our entertainers, Mrs. Schneider, Bill Young, Fred Snite, Al. Ezekiel and Sol Vogel kept us in a merry mood all the way to Mammoth Cave, where we donned overall suits preparatory to a good chicken dinner served in the hotel in true southern style and the cave trip proper. When the dinner was consumed we paired off and got our miners lamps for the nine mile trip three hundred feet below the surface. Prior to our entry into the Cave a photograph was taken in our Cave regalia and included in the group was Louis Bransford, our guide, whose forefathers were among the pioneer explorers.

"Louie" proved a faithful and entertaining guide as Mrs. Dyer will testify when she inquired why the name of one of the springs was changed to "Bird Spring," Louie answered, "because it had so many swallows."

Space does not permit a detailed description of this wonderful work of God and nature but the sights seen in the Echo River trip, the Mammoth Dome, the boat ride and the final ascent of 190 feet on ladders for the most part on hands and knees twisting through "fat man's misery," "low bridge" and up the famous "cork screw" are experiences which all, but particularly Rose, Young and Alberse will remember for the rest of their days.

The echo in the Shakespearian gallery where Booth recited Hamlet as enunciated by "Louie" was wonderful as well as musical. Frank Merritt in true aboriginal style ventured beyond the beaten paths as he wanted all the "thrill" there was and he got it.

The trip took several hours and ended where it started in "Broadway" where we built a monument of loose stones which was appropriately dedicated by the fitting remarks of Dr. Mueller, National Chairman elect, who said in part we stand "for the improvement of financial service to the masses" and accordingly a sign with the name of the organization, the date of the trip and the above quotation will be placed on the monument to serve as a primer to the 70,000 or more people who pass through the cave every year.

EXECUTIVE COMMITTEE MEETING.

After the adjournment of the convention the national executive committee met in the Seelbach Hotel, Louisville, with Messrs. Mueller, Zumpfe, Kehr, Watts, Harrison, Wall and Hartz present. Mr. Harrison was directed to continue his efforts for new members and Mr Hartz was authorized to submit plans for a publicity campaign.

An appropriation toward the expense of the legal survey was authorized.

It is the purpose of the committee to meet three or four times during the year to consider and act on any business that should be taken up by the national body. The first meeting will probably be held in Philadelphia, November 20th, the day preceding the annual meeting of the Pennsylvania Association. All members are invited to refer to the National Secretary any business that should be considered by the National Executive Committee.

NATIONAL CHAIRMEN'S CLUB.

During the ninth annual national convention held in Louisville, Ky., September 19th to 22d, the National Chairmen's Club was organized with the following charter members: G. W. Kehr, Harrisburg, Pa.; C. G. Mueller, Philadelphia, Pa.; J. H. Dyer, Columbus, O.; C. H. Stratton, Sullivan, Ind.; W. G. Wood, Providence, R. I.; and R. M. Rutherford, New York City.

G. W. Kehr was elected the first National Chairman at the organization meeting held in Philadelphia, April 19, 1916, and presided at this and the Atlantic City meeting held September 9, 1916, but resigned in November, 1916, in favor of C. G. Mueller to take up the work of National Secretary vacated by C. G. Mueller who served as National Chairman until the Cedar Point Convention held July, 1917, when he was succeeded by J. H. Dyer. The Dyer administration continued two years and included the Detroit Convention held September, 1918, and the Atlantic City Convention of September, 1919. C. H. Stratton presided over the Indianapolis and Chicago Conventions of September, 1920, and 1921. W. G. Wood succeeded Stratton at the Chicago Convention as National Chairman but due to ill health was unable to preside at the convention held in New York, September, 1922. His choice of presiding officer for the New York Convention proved to be same as the delegates as R. M. Rutherford was elected National Chairman and completed his administration at Louisville, Ky., September, 1923.

C. G. Mueller by whom the affairs of the A. I. L. A. will be directed for the ensuing year returns to the National Chairmanship after an interim of six years between his former administration "Doc" always has been popular and known for his energy and aggressiveness. This ought to be a big year for the A. I. L. A. with him at the helm. That pays for the dinner that "Doc," gave to Messrs. Dyer, Kehr and Stratton the only eligible members present at the Seelbach Hotel, Friday evening, September 21st.

Here's hoping the National Chairmen's Club will be an inspiration to others who may aspire to membership. The object to be obtained is the honor and confidence of the members and sociability.

SO SAY WE.

It is always a great pleasure to have our former Superintendent, Mr. Robert M. Rutherford, with us. We are privileged on this, one of his occasional visits, to welcome not only Mr. Rutherford, but as well Mrs. Rutherford and the daughter, Dorothy. Mr. Rutherford is here at this time as National Chairman of the American Industrial Lenders' Association, which is having its sessions and banquet at the Seelbach Hotel. Congratulations on the honors which have come to one so greatly beloved by this congregation!—*First Christian Church Bulletin. Louisville, Ky., September 23, 1923.*

JUDGE REED.

Many do not know that to his home folks the chairman of the local entertainment committee of the last national convention, Charles E. Reed, Manager of the People's Provident Loan Association is known as "Judge" Reed.

The Louisville Herald of September 2, 1923, which published a large photograph of him says: "Judge Reed is ranked as one of the best racing judges in America and is admired for his firmness and fairness to all parties concerned, and has a knack of keeping the horsemen in good humor, which is the next thing to an impossibility. He acts as judge throughout the country and is held in high esteem by the public in general. For the past ten years he has done the starting for the Kentucky State Fair and is the best known starter of harness races in America."

And we can testify that no warmer welcome or more considerate attention could be given by anyone than that with which Judge Reed greeted and took care of us while in Louisville.

CLIPPINGS.

The Camden N. J. *Daily Courier* under date of September 19, 1923, publishes in full the paper of Walter S. Hilborn, acting director of the division of remedial loans Russell Sage Foundation on the "Philosophy of the Uniform Small Loan Law."

POSITION WANTED.

MANAGER—Twenty-three years experience, best of reference, with-up-to-the-minute ideas. Address—SAM WORMSER, 1020 9th Ave., Huntington, W. Va.

WHERE SHALL WE GO IN 1924?

Invitations have been received from Harrisburg, Pa., and French Lick, Indiana, to hold our tenth annual convention in those places.

The executive committee would like to have other invitations before selecting a place. Don't be backward. The national convention is a big thing for your business and town and ala Louisville it does not cost much money. That reminds us to say, what did you like about the Louisville Convention and what didn't you like? How would you improve the National Conventions? Tell the National Secretary about it in a letter.

MARYLAND.

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room of the Merchants & Manufacturers Building, No. 22 Light Street, Baltimore, Md, at 8 P. M., on Tuesday, September 11th.

The meeting was called to order by Chairman Gardner. Among those present were: Lewis F. Eckhart, People's Loan Society, J. E. Turner, Herman Lappe, Leroy Busch, Community Finance Service Co., G. W. Stancill, H. C. Moore, People's Finance Service Co., C. A. Gardner, Earl Fuggett, United Finance and Security Corporation, W. F. Oliver, Jr., Household Finance Service Co., H. T. Mattingly, R. A. Long, Equitable, Fayette & Calvert Branches, The Master Loan Service Co. Inc., E. E. Hougham, Coöperative Loan & Investment Co.

REPORT OF OFFICERS.

In the absence of Treasurer Goldrick, no report was received as to the finances of the association.

The Secretary reported 5 Members being delinquent in State dues since July 1, 1923, four of which are also delinquent in dues of the American Industrial Lenders' Association since August 1, 1923.

REPORT OF COMMITTEES.

Executive Committee Chairman Mattingly reports progress.

In the absence of Chairman Young, Mr. Oliver of the Membership Committee reported progress is being made toward obtaining new members. It is hoped this Committee may have several applications to submit at the October monthly meeting.

Unfinished Business.

Messrs. Hougham, Oliver and Gardner were delegated at the June meeting to investigate a member of our Association who was supposed to be charging $5.00 look up fee in taking applications. It is pleasing to know that this matter has been sifted to the bottom and it developed that a non member of our Association was following this practice. The matter being discussed with the management of this Company, they immediately promised to discontinue this practice. A vote of thanks was tendered this delegation for the quick action in bringing this matter to an issue.

Communications.

The Secretary read a letter from Mr. Oscar C. Orem, Genl. Manager of the Lend-U-Money. Bankers, of Baltimore, Md., in which Mr. Orem called the Association's attention to the great need for the People's Court having jurisdiction up to and including amounts of $200.

It should be the effort of the Association to bring this action or present the necessity before the coming Legislature.

Upon motion of Mr. Hougham, seconded by Mr. Mattingly, the Secretary was instructed to draw up the following resolutions:

At the regular monthly meeting of the Maryland Industrial Lenders' Association, held on Tuesday, September 11th, at the office of the Association, M. & M. Building, No. 22 Light Street, Baltimore, Md., it was,

Resolved, that the Association approves the effort to extend the jurisdiction of the People's Court of Baltimore City up to, and including, amounts of three hundred ($300) dollars. That such extension would facilitate the business of the members of this Association and would relieve the public in general of unnecessary costs and delay in this class of litigation.

It Was Further Resolved, that a copy of this resolution be forwarded to the Governor of the State and the various members of the General Assembly immediately after the November election.

H. C. Moore,
Secretary.

The Secretary called the members' attention to the wonderful Loan Library which was started by the Illinois Association, with Attorney C. R. Napier, Ashland Block, Chicago, Ill., as Chief Librarian and originator of the idea.

This Loan Library will in time contain all Literature of importance about Ancient and Modern money lending which in time will be of untold value to the loan business.

The members are urged to collect any literature, old books or any data upon Ancient money lending conditions and mail to Mr. Napier in order that we may assist him with the Loan Library.

New Business.

Upon motion of Mr. Oliver, seconded by Mr. Hood, the Secretary was authorized to change his records and issue new membership certificates as a transfer for, Surety Guarantee Co., to The Masters Loan Service Inc., Equitable Branch, Reliance Guarantee Co., to The Masters Loan Service Inc., Calvert Branch, Commercial Guarantee Co., to The Masters Loan Service Inc., Fayette Branch.

The Exchange Committee reports that the members will be ready in 30 days to start the Exchange, as outlined in the previous monthly meeting.

Messrs. Mattingly, Gardner and Oliver were instructed to immediately get busy with the arrangements for the annual banquet, and advise the Secretary at their convenience, as to the date.

Chairman Gardner called the members' attention to the great need of our Association being an incorporated body, in order to protect the members when confidential bulletins relative to delinquent clients are mailed the members, again the Association will be better prepared to take action relative to any questionable money lending enterprise or schemes of a questionable nature.

Mr. Hougham made a motion that the matter be taken up with Attorney Bryant, and have him draw up articles of incorporation. The officers of the corporation to be the same as the present officers of the Association. The Board of Directors to remain the same as the Executive Committee of the Association.

This being acted upon, Carried.

Chairman Gardner instructed Messrs. Hougham and Mattingly to take the matter up at once with Attorney Bryant.

Upon motion of Mr. Long, seconded by Mr. Oliver, the hour of future meetings of the Association was changed from 8 to 7:30 P. M.

There being no further business to transact, upon motion of Mr. Long, seconded by Mr. Eckhart, the meeting adjourned until October 9th, at 7:30 P. M.

H. C. Moore,
Secretary.

CHATTEL MORTGAGES.

Unrecorded Chattel Mortgage Held Inferior to Second Mortgage Properly Recorded.

On August 28, 1920, Z. G. Beck gave to the defendant, Carpenter, a chattel mortgage on an automobile. This mortgage, which purported to secure the payment of two notes aggregating $900, was a purchase money mortgage. It was not recorded in the county where Beck resided until October 22, 1920.

Z. G. Beck and Myrtle Beck, on October 2, 1920, executed a chattel mortgage in favor of the plaintiff, the Humphreys Savings Bank, to secure the mortgagor's note for $1,148.70. The mortgage described various personal property, including "one new Mitchell automobile, 1920 model." It was recorded on the day of its execution in the county where the mortgagors resided. At the time this mortgage was given, Beck told an officer of the bank that the automobile was already mortgaged to Carpenter for $600. The officer said that he would take the automobile subject to Carpenter's mortgage.

Subsequent to the execution of the second mortgage, Carpenter took possession of the automobile. The plaintiff then brought an action to replevy it. The bank based its right to possession of the automobile upon its chattel mortgage.

The defendant contended that his mortgage was prior to the bank's mortgage, and, therefore, superior to it; that the plaintiff's mortgage did not identify the property except to show that it was a Mitchell automobile, 1920 model; and that, since the bank knew of Carpenter's chattel mortgage at the time its mortgage was executed, its mortgage was taken subject to Carpenter's mortgage.

It was held that the plaintiff's chattel mortgage, since it was recorded before Carpenter's, was superior to his, for the reason that under the Missouri Rev. St., 1919, Section 2256, a chattel mortgage not recorded in the county of the mortgagor's residence is inferior to a second mortgage properly recorded. The description of the automobile, as given in the bank's mortgage, was held to be a sufficient description as between the parties to the instrument, since the mortgagor owned only one automobile, and the county of his residence was given. The court further held that since the description was sufficient as between the parties, it was sufficient as against the holder of a prior unrecorded mortgage. The court also held that, although the bank knew of Carpenter's chattel mortgage at the time its mortgage was executed, its mortgage was not taken subject to Carpenter's mortgage: Humphreys Savings Bank v. Carpenter, Kansas City, Missouri, Court of Appeals, 250 S. W. Rep. 618.—*The Business Law Journal.*

PLAN TO PROTECT SMALL BORROWERS.

Legal Aid Organizations Propose National Educational Campaign on Loans.

Hope to Extend Pennsylvania Law.

A national campaign for legislation to protect the small borrower is being considered by the Executive Committee of Legal Aid Associations, now in session in New York.

The campaign—to be one of "forceful publicity and intelligent propaganda"—was recommended by the Committee on Small Loans and Investments, of which Romain C. Hassrick, chief of the Bureau of Legal Aid, is chairman.

The recommendation was based on the experiences of the legal aid organizations in the various States where the so-called 3½ per cent uniform law is effective. The Pennsylvania act on that subject is considered one of the most advanced laws of its kind, and the committee hopes to extend the benefits of this legislation to other States.

In ten States, according to the national survey conducted by Mr. Hassrick's committee, there is in effect at present a uniform law which provides interest at the rate of 3½ per cent a month on small loans. The law has the support of the Russell Sage Foundation and reputable welfare organizations in the various States affected.

Besides Pennsylvania, the States are Arizona, Connecticut, Georgia, Illinois, Indiana, Iowa, Maine, Maryland and Rhode Island.

Similar laws, establishing a legal rate of interest for small loans, are in effect in ten other States—Colorado, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oregon, Utah and Virginia.

Rhode Island was the last State to get the 3½ Per Cent Law. It was passed this year and becomes effective on January 1, 1924.

In West Virginia, Minnesota and Missouri an effort was made to pass a uniform 3½ Per Cent Law, but it failed in each case. An amendment providing for a 3½ per cent interest rate also was suggested this year for the present law in New York, but was defeated.

In investigating this legislation the committee has conferred with representatives of the Russell Sage Foundation, the American Industrial Lenders' Association and the Pennsylvania Industrial Lenders' Association. Coöperation with the Russell Sage Foundation and the American Industrial Lender's Association is suggested to the National Association of Legal Aid Organizations by the committee.

"The committee also recommended," said Mr. Hassrick, "that the legal aid organizations shall, in all States where the uniform law or a similar law is not in operation, direct public attention to abuses practiced by unscrupulous money lenders, who are charging rates in excess of 3½ per cent a month. We also suggest that the organizations compile statistical data as to the evils arising from these usurious practices." — *Public Ledger, Philadelphia, October 7, 1923.*

GOOD WILL IN THE SMALL LOAN BUSINESS.

A. L. Whitmer, Manager, Provident Loan Association, Sioux City, Iowa.

There are many earnest souls, preachers, missionaries, evangelists and reformers, trying to do people good.

It seems ungracious to say a critical word to any enthusiastic person who is engaged in so laudable an enterprise as that of feeding the hungry, healing the sick, and giving away money, and yet when you take time to think right through to the bottom of things, you must come to the conclusion that there is but one real effective way to help your fellow man, and that is the way called justice.

By being just toward ourselves and everybody else, we are being good to people. The only untainted charity is justice. Real charity, which is justice, sets about removing the conditions that make beggary and poverty. Conventional charity piously accepts things as they are, and helps the unfortunate; justice goes to the legislature and changes things. It is presumed that the best part of the human race does not want help, nor favor, nor charity. It wants a fair chance and a square deal. Therefore, putting it briefly, good will in the small loan business can be assured by the observance of this principle: Justice to the borrower and every one with whom you come in contact. You can have the good will of your customers by rendering an efficient and honest service. It is not expected by the persons with whom you do business that you become intimate with them. What they want is service combined with fair treatment. A new applicant for a loan in our office seldom receives over ten minutes and when there are no complications, the interview is much shorter. On renewals many of them are handled by one of the young ladies, and only so far as practical, in accordance with good business, is a renewal loan closed by myself or someone in the office that can leave an impression with the borrower of the importance of carrying out his part of the contract in accordance with its terms.

We all frequently have prospective borrowers who complain that it is impossible to save anything at all. They are victims of self pity, weak will, and bad management. They are the kind of applicants that cannot be rushed through, but can be shown how it is possible for them to get ahead, by explaining to them that it is not from large salaries that people grow rich, but that it comes through saving, as that is about all that most of us can do. Many a shopkeeper has been ruined trying to get rich, not realizing that he is not a money maker, but a money earner. I often tell them that there are natural born money makers, but we had better content ourselves with the only thing wherein we have a prospect of sure success, and that is saving something from each pay day.

We cannot pour a brimming measure of friendliness and good will into our relations with our fellows without provoking a generous return flow of the same qualities.

There can be no better way of obtaining good will and keeping it than by having your business clean. A clean profit is one that has also made a profit for the other fellow. Any interest you collect that arises from another's loss is dirty, and no one will ever have good will when his business is a damage to any other business. Our business properly conducted is the type of honest clean business that helps everybody and hurts nobody, just as when a farmer sells a housekeeper a barrel of apples, when a milkman sells her a quart of milk, or the butcher a pound of steak, or a dry goods man a yard of muslin, the housekeeper is benefitted quite as much as those who get her money.

The Rotarian motto, "He profits most who serves best," simplifies good will, and if we will all ask ourselves what there is in it for the other fellow, before closing a loan, and refuse to enter into a transaction for our own gain which will be of no benefit to anyone else, we cannot go far wrong. The members of this Federation stand before the public squarely on its merits as an organization of service. Our direction has been guided by our chairman, whose connection with the Remedial Loans Division of the Russell Sage Foundation for many years has given him an opportunity to obtain all of the information necessary in the proper conduct of small loan companies. He is largely responsible for the formation of this Federation, and so far as I have been able to judge, every member has followed suggestions made by him, and those that did not do so are no longer with us. I refer to those that liquidated.

Good will in our business is no different from the good will in any other business. We desire to be well thought of not only by our customers but by those that have no business dealings with us, as our business largely depends upon our standing in the community.

(Read at the fifteenth annual convention of the National Federation of Remedial Loan Associations, Sioux City, Iowa, June 7-9, 1923.)

MOST INTERESTING EXPERIENCE IN THE SMALL LOAN BUSINESS.

D. S. Coffey, Manager of the Provident Loan Society, St. Paul.

Most of our interesting incidents occur in connection with getting people out of the hands of the high-rate companies. A short time ago a victim of the loan sharks came into our office, and gave me a little history of his dealings with the loan sharks, and if you will permit me I will give it to you as he gave it to me:

"At the request of Mr. D. S. Coffey, Manager of the Provident Loan Society of St. Paul, I have consented to give a brief synopsis of my more than twenty years' dealings with loan shark companies. He has, no doubt, heard many interesting stories of loan shark victims, but I claim to be the champion 218-pound, fifty-year old, loan shark victim of the world.

"In order to give the reader a clearer understanding of my story I will begin a few years back of my real loan shark activities.

"I was born in a small country town in Minnesota and spent my early days on the farm. When I was fifteen I entered the eighth grade of our town school. Entered high school one year later and finished two years of high school, then after three total crop failures and being one of a family of twelve, struck out for myself. I roamed about the country for two years, then settled in St. Paul, in October, 1890, at the age of twenty. I entered the livery stable business and in one year was promoted to general manager of the Albion Livery, doing a business at the time of $4,500 a month. I was considered as a very able and trustworthy man, and handled all the cash. Never was under bonds and never short a cent. After four years I was married, in 1895. Every one remembers the 1895-1897 money panic, with business failures all over the country every day. The firm I was with did not fail but had to cut wages so low that even a child could hardly live on the salary I received. We had a son born to us February 19, 1896, and he was taken sick and died July 14 the same year, leaving me $175 in debt to the doctor and the undertaker, and I owed nearly every druggist from Broadway to Dale Street, which took in most of the town at that time. Then by having nearly every alderman and the mayor pull for me I got a job on the fire department at the magnificent salary of $45 per month. All the employees of the department were required to pay all legitimate bills monthly. By hard scratching and many a close shave from garnishment, I finally got the druggist bills paid. By this time the doctor was pressing hard and he gave my account to the D——— Collection Agency, which generally got the money if the victim was living. I was up against it strong, then one day a fireman was fired for borrowing money from a loank shark, on his salary. The daily papers gave a full account of it, also the address of the loan shark, D. H. Tolman, 710 New York Life Building. I read and reread the account, wondering which one of the two evils was the worse, getting fired for borrowing on my salary or for non-payment of bills. The latter was as sure as death, while the other would give me two or three months on earth, so I chose the shark. I spent hours of my time off in the New York Life Building looking around and trying to work up courage enough to go in. Remember, that during all this time I did not drink, smoke, or gamble. Finally one day I went in, and found a very pleasant young lady in charge. She seemed to realize at once that I was a good risk and told me no one would ever know as long as I could pay part at any time, so I dove off at $30, three payments of $12 each. Gave the $30 to the doctor, then when the $12 was due, I paid it, leaving me $33 to live on for thirty days. Shortly after a girl was born to us, more doctor bills and the $12 every month. Well, I would let the grocer go for a balance and make two $12 payments, then pay the last $12 and renew the loan. Finally the two doctors and the grocer put on pressure. More money from the loan sharks—a loan of $45 to be paid in three installments of $20 each. Then when I felt the pressure I got a little more hardened. I got an endorser for a loan at 317 Pioneer Press Building and secured a loan of $30. Then I was in over my head. By stalling one and paying the other two at once and renewing, I sailed along for four years. Then I borrowed $30 through a friend on my furniture from Shark No. 3, at 210 Globe Building. Then my domestic affairs began to cause trouble. I was accused of squandering my money, keeping other women and gambling. So in preference to telling her the real truth I let my wife believe I did gamble, and many was the night, when off duty, that I would stay out all night and go back and sleep at the Fire House, then come home in the morning at six o'clock, so as to be at work at seven. I would tell my wife I had played poker all night and lost.

"By this time I was some $200 in the hole. I got a raise in salary to $55 per month, still leaving me $35 to live on, but as living was quite cheap at that time, and believe me it had to be for me, I got along for a while. I was finally driven to the wall and had to resign. Went back, however, to my old place in the livery, where I was my own paymaster. Tolman located me first. I then fixed it with the other sharks on promises, as I always intended to pay them in full. Tolman had by this time secured from that first $30 loan in four years without advancing any more money, $144 and I still owed him $60—four payments of $20 each. I had established a line of credit with the loan sharks, which had I established it in a legitimate business it would have been sufficient to enable me to open a bank.

"At this time, however, I had to change my system. I now was doing business with three loan companies. I had them run three months each. Each one came due on a different month. I paid up the loans, interest and all and renewed. Finally I got a chance to return to the Fire Department, but there was no use with all that load. So I took the 'Nelson' cure—bankruptcy, and cleaned up, then returned to the Fire Department. However, I paid all my debts outside the shark companies, after going through bankruptcy. Then I found out that bankruptcy did not clear me of salary loans, as these notes were secured by unearned salary, which security was good when I had the salary earned. Well, I then had $100 more to pay my attorney, a friend of mine, who put me through, added to the two shark accounts I had been taking care of, while off the Fire Department, so I had to go to No. 317 again and renew, with all back interest applied to the principal of the note. All this time my wife suspected that I was keeping other women, although she never found any evidence, and I could never explain satisfactorily. No one knew except God, the sharks, and myself. My wife took in roomers to help out and my two girls were well taken care of, and went through High School.

"About this time the Provident Loan Society of St. Paul was advertised as a remedy for victims of the shark companies, but I felt that my case was far beyond salvation or consideration. I felt that they could never find a manager to whom I could explain my case in such a way as to interest him, so I struggled on. You must know that by this time rumors were afloat of my double life, and I did not want anyone to investigate and find out what a fool I had really been for ten years. My family was about to lost my wife, she was going to leave me, so I finally went to the Provident Loan Society, and to say that I was surprised at the reception I received and the ready understanding of my case by Mr. Coffey, manager, is putting it mildly. However, long before going to the Provident I had secured two $50 loans from a Mrs. Eubank, 410 Pioneer Building, as I found I was in good standing in all the shark companies. I paid Mrs. Eubank $10 interest per month for five years on these two loans, and at the time Mr. Coffey settled her claim for me I still owed $100 principal and two months' interest of $20. The total interest paid on this one loan was $600.

"The assistance of the Provident Loan Society, at that, was only a temporary breathing spell, as I was afraid to tell them the whole story or how deeply in debt I really was. I was about $500 in debt, but as I had received an advance from $55 per month to $83, I felt that I could get through with the aid of $100 from the Provident, which I secured on the endorsement of my father, to whom I had never been able to explain satisfactorily why I should have to borrow money, as I had never lost a day from work, or had a cent to spend in thirty years.

"Well, my wife finally got so disgusted with me and the small amount of money I gave her that she left me, and I could not blame her very much, for after all those years I could never explain to her the real difficulty, and she probably would not have believed me then if I had.

"Another hundred dollars for a divorce suit, one girl in boarding school at $35 per month and another with my mother at $20 per month, as I could not afford to have my mother think I could not support my family, so that I was now $600 to the bad. And while my hair had turned white worrying over financial affairs, I must have another $100, which I secured from another shark upon my plain note, and I paid $9 per month interest on that note for over four years.

"About this time I was again promoted and my salary raised to $140 per month, which again relieved the tension and gave me a short breathing spell. My oldest daughter has now been married about two years, and my youngest has a fine position and is able to care for herself, and with the help of a second loan of $100 from the Provident Loan Society, I decided to get married again to a woman to whom I have fully explained all my financial difficulties and knows where all my money has gone. With the assistance of Mr. Coffey and the Provident Loan Society I have finally been successful in knocking down the shark companies, one at a time, until to-day all I owe is a balance of $40.75 to the Provident Loan Society.

"The principal of the original loans secured from the shark companies with which I did business during this time amounted to only $290, while the interest paid thereon amounted to $3,642, to say nothing of what it would have been but for the intercession of the Provident Loan Society.

"As strange as it may seem, it is nevertheless a fact that nine-tenths of the employees of the Fire Department of St. Paul are in the hands of the loan sharks to-day, and many of them have been for years. Many of the less fortunate have long since gotten so deeply in debt to the shark companies that they could not keep up payments, lost their jobs, and can be seen to-day sitting around the parks and public places, doing little or nothing, simply because they cannot accept a salaried position.

"I know that many persons will censure me for doing certain things enumerated herein, and others even more so for not doing certain other things, but I was optimistic enough to feel and believe that I would soon be able to extricate myself from debt. In fact, as explained to Mr. Coffey, I promised myself every month for over six years that I would pay off a certain $60 loan and cease doing business with that concern, but by the end of the month something would happen, so all that I could do was pay the interest and renew. But with all my hard times and financial worries, I still consider that I have been extremely fortunate in being able to carry my financial burdens along while many of my friends lost heart and fell by the wayside, until the good people of St. Paul organized and put into active operation the Provident Loan Society, without the assistance of which I would never have been able to extricate myself from the usurers' grip. I find myself to-day fifty years old, having spent over twenty years of that time endeavoring to overcome the handicaps placed upon me by the loan sharks, and while all my earnings have gone into the coffers of the money lenders, am out of debt for the first time in over thirty years, I have a good job, and from present prospects the future has many good things in store for me.

"There are many worries and incidents connected with this story that I should be glad to relate in detail, but time and space forbid. However, when I have time I will write a more detailed account of my trials and tribulations from April 21, 1898, to September 15, 1920, that will be worth sitting up nights to peruse.

"In conclusion, to the wage earner of St. Paul, who has through sickness, ill luck or lack of work, come to find himself in debt, I want to say, by all means stay away from the loan shark. If you will submit your case to Mr. Coffey, of the Provident Loan Society, the only person who ever understood my case, except myself, he will no doubt be able and willing to assist you in securing relief."

Since the above story was written, the writer has purchased a home, and rides around in his automobile, which he has also purchased out of his savings since he was able to throw off the bonds of the loan shark.

(Read at the fifteenth annual convention of the National Federation of Remedial Loan Associations, Sioux City, Iowa, June 7-9, 1923.

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INDUSTRIAL LENDERS NEWS

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AS L. T. BAKER SAW THE CONVENTION.

As every legalized state is organized, and therefore, well represented at each of the National Association conventions, the appointment of one or more delegates by each State Association to attend the National Convention, is more or less, merely a matter of meeting a constitutional requirement.

The report of such a delegate, so appointed, is made largely to conform to an established practice as the convention is fully covered by the National Secretary's report and the year book. The individual impression of the big meeting and the matters of local or State interest are, therefore, the special features which might justify a state delegate's report.

The impression which your delegate brought back from Louisville was that he had attended the nicest, smoothest, most pleasant little convention ever held by the National Association. Everything started out and moved on through the entire meeting with the clock-like precision of an efficiently handled and well-generaled affair. This is all especially noteworthy because of the fact that Louisville is in unorganized territory.

Dr. E. L. Powell, probably one of the best known ministers of the South, opened the meeting with an invocation.

Mayor Quin, of Louisville, was scheduled to make the address of welcome and *he did so.* He welcomed us in true southern fashion, leaving no doubt about his sincerity and showed an intimate knowledge of the small loan business thereby proving that he is a student of important civic problems as well as being a very delightful and entertaining orator.

Both Mayor Quin and R. F. Vaughan, a prominent Louisville lawyer and social worker, who was also an opening speaker, are personal friends of the then presiding National officer, Mr. R. M. Rutherford, and spoke of him in very complimentary terms.

Following the opening addresses the committeemen made their annual reports after which the convention adjourned to the Seelbach Hotel Rathskeller as luncheon guests of the entertainment committee. There were at this luncheon also about seventy-five public spirited business and professional people of Louisville. After lunch there were several good, educational talks and undoubtedly many new viewpoints were taken on by those present.

The entire body was then driven round and about Louisville in a line of taxi-cabs which stretched out for several blocks, stopping traffic and attracting much attention because of its size and also, no doubt, because of the unusual character of the occupants. Tate Harrison, of Iowa, dubbed this ride "The Loan Man's Parade" and has written a poem on it, the last line of which is "And the brave three hundred moved on." Tate will read the poem at the next convention.

The informal dance given the first evening of the convention was a very enjoyable affair and well attended. Those who did not dance gathered in little groups about the hotel or went out to see the town.

The second day of the convention was given over to the discussion of practical subjects and the reading of papers, all of which will be published in the year book.

As has always been the case every one looked forward with great hope and expectation to the banquet. And surely no one was disappointed. There have been other banquets with more glow and splendor, perhaps, but never has there been one so genteel, so elevating in its character, nor so fully satisfying as to its environment, its entertainment and its decidedly high grade speakers. Long will this feature of our Ninth Convention be remembered.

Friday, the last session day of the convention, was so well filled with important business that little time was available, much to the regret of many, for the general or open floor discussion of practical, every day business subjects. The proposed change in the National Constitution to reduce the dues to ten dollars per year for each office became involved in a parliamentary entanglement, which required the joint effort of all of the seven lawyers present to straighten out, and then the amendment failed to passage and the dues in the National Association are now as they have been for the past several years.

The elections of officers made little change in the executive committee except that C. G. Mueller, of Philadelphia, relieved R. M. Rutherford, of New York, of the chairmanship responsibilities for the ensuing year.

The attendance trophy which was won last year by Pennsylvania was awarded to West Virginia having a small attendance but a high percentage. Illinois was represented by twenty-nine registrations but would have won from Indiana on percentage although there were thirty-four Hoosiers present.

After adjournment on Friday every one scattered out either preparing for the homeward trip or seeing more of Louisville. A very nice crowd, however, stayed over and went to Mammoth Cave in a special, chartered train. The trip is reported to have been very interesting and enjoyable.

This convention was in every respect and in every detail a big success. This is said with no intention to exaggerate, but is sincerely meant. Those who did not attend missed an occasion of which all in the loan business might well be proud and which was made possible only by: First, our legal status, and second, by the efficiency, diligence and self-sacrifice of the men in charge and especially Chairman Rutherford, Secretary Kehr and Mr. C. E. Reed, of Louisville, who was the "man on the job."

GUARDING AGAINST FRAUD IN THE CHATTEL LOAN BUSINESS.

Albert Knight, Assistant Manager of the Workingmen's Loan Association, Providence, L. I.

Just as long as there are human beings, remedial loan associations may expect to find a small proportion of mankind who have come to the conclusion that it was never intended that they should earn their living "by the sweat of their brows," and while other people may labor and enjoy it, this small element of humanity will still endeavor to defeat the laws and usages of society, preferring to be drones in the hives of industry rather than willing workers in a common cause.

Of all the phases of the chattel loan business, perhaps none is of greater importance than the question of ownership, and of all obstacles to be overcome none presents more difficulties than the question of goods purchased on lease, on credit, or on time. Rarely do we find in the public records a list of goods purchased in that manner, which makes it difficult to ascertain whether the furniture offered as security for a chattel loan is fully paid for. Many devices are used by prospective borrowers to cover up the real facts.

One of the most satisfactory methods of our Association, and one which perhaps has brought to light more evidences of such dishonest attempts at borrowing than anything else, has been first of all to verify the statements in the application of the prospective borrower with reference to his address or residence for a period of at least five years. This part of the application, when substantiated by city or town directories, has been at least one assurance of the applicant's reliability.

It is not a common occurrence, but it occasionally happens that a person buying goods on lease will alter an installment receipt by inserting the words "In full to date." Such a receipt, bearing a recent date, and having the appearance of being genuine, is very misleading, and unless

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checked up with the installment house, the receipt may pass as proof that the account is paid in full.

In other cases borrowers have been known to present a bona fide receipt in full from one furniture house, while making no mention on their applications of having purchased goods from any other installment house, and, occasionally, as a result of this condition it is discovered later that more than one-half the property is subject to other liens. Here is where the appraiser must do his best work. It is quite possible to have such a knowledge of the various makes and marks of furniture sold by different installment houses in your city that many times a clue may be obtained with the aid of such information, sufficient to trace the place from which the property came. Or, it may be that by carrying on a conversation at the time the appraisal is made, with a person who did not make out the application, comparisons may be made which will expose a fraud and thus defeat the designs of such a prospective borrower. Then, too, there are cases where more than one couple live in the same apartment, and the applicant fraudulently avoids any mention of the fact that others own the greater portion of the security, and arranges to have the appraisal made at a time when the real owners cannot be interrogated. But how shall we discover that such is the case? While the furniture has the appearance of being new it is not uncommon for them to use this expression, "We bought this property from a party who has left the state, and have no receipts for it." Upon further inquiry, perhaps you will get the name, a Mr. Smith or Mr. Brown, as the person from whom goods were purchased, and this is insufficient. The questions will naturally suggest themselves, "Where did he live and to what city did he move? How long was he a resident of your city? What was his occupation and where was he employed? How long had you known him, and how did you learn that he wished to sell his furniture?" These questions and others of a similar nature, if answered evasively, should be sufficient to detect a cheat of this kind. Such an applicant usually ends with making a statement similar to this: "If I had known there was all this red tape to the thing I should never have made an application." If by that time you have discovered what furniture house you should approach, and do so, you will probably discover that a large balance remains unpaid on the furniture which was offered as security.

Other familiar stories are that the furniture was left to them by an aunt who has since died, or that it was purchased at a second-hand store, the owner of which has since retired from business. Sometimes a bill of sale is presented which appears to be spurious. In either of these cases a similar course may be followed with good results, as in those first cited.

Thus far we have only dealt with fraud in loan applications; but more fraudulent devices are adopted after loans have been made than in the application for them. One of the most common practices is that of answering a small three-line advertisement in the daily newspaper reading something like this: "Spot cash paid to parties who are breaking up housekeeping. Call Bell 9000, or address Box No. 452, care of this newspaper."

It would seem that a law should be passed making all persons who purchase second-hand furniture in this manner subject to the same rules which apply to pawn shops, and requiring such dealers to send to the chief of the license bureau not only an itemized list of the goods purchased but also a description of the persons who contracted for the sale of them.

Sometimes a dishonest borrower will negotiate with the owner of a second-hand store and sell one or two articles of mortgaged household furniture. In this way there does not arise in the mind of the proprietor the same suspicion as would be the case if he attempted to sell all he had, and if his plan succeeds, a return visit is made either to the same place or a similar one until enough security has been disposed of to accomplish his purpose. The small remainder of the furniture is left in the house, and the borrower leaves town, or before leaving he disposes of the remaining security by giving it away to neighbors with the explanation that he is going out of town. If he mentions his destination, the chances are, many to one, that his statement is false. He then leaves the state where the fraud was committed, thus temporarily, at least, evading justice. What is to be done with such unscrupulous borrowers? How shall we proceed to get justice without doing some innocent borrower an injustice? Inasmuch as there is now a uniform law in several of the states pertaining to the rate of interest to be charged for small loans, does it not seem feasible that a "uniform law" should be urged and adopted, making it a felony, punishable as such in any state of the Union, for a mortgagor to wilfully dispose of mortgaged personal property and convert the funds to his own use without making a satisfactory adjustment with the mortgagee? This would seem to be in accord with the work of remedial loan associations, which are always desirous of conducting their business in conformity with law and order, and are not primarily money-making institutions, but instead are agencies designed to help solve some of our social problems. Therefore, it would appear to be as much a part of our program to thwart the designs of unscrupulous persons and prevent them from obtaining funds intended for worthy applicants as it is to loan money to worthy applicants themselves.

With all the care that it is possible to exercise, there will still be dishonest attempts at borrowing. Some of these may succeed, but when discovered, there should be an insistence that the loan be settled in full. That such cases are usually settled out of court is another indication of the value of remedial loan associations, and of the work they are trying to do.

In conclusion, then, these items are but a few of many which may be cited but they explain some of the devices adopted by dishonest borrowers, and at least offer a few suggestions as to how to defeat these devices. This timely subject, I feel sure, is very important, and ought to receive greater consideration, and I trust that with the presentation of these brief outlines, there will come a desire on the part of the members of remedial loan associations to find a legal way to thwart this small minority who desire to practice unscrupulous methods.

(Read at the fifteenth annual convention of the National Federation of Remedial Loan Associations, Sioux City, June 7-9, 1923.

FINANCE COMMITTEE REPORT.

W. P. Woll, Chairman of the Finance Committee, of Chicago, which handled the finance at the Louisville National Convention reports that there was received from the Indiana, Illinois, Ohio Association; the A. I. L. A. and the three local members, sale of banquet tickets and refund from the Mammoth Cave trip, a total of $3,296.70; and there was expended for badges, publicity, services, printing, prizes, lunches, speakers, etc. $2,191.24; leaving a balance unexpended of $1,105.46, which was distributed pro rata between the Illinois, Indiana and Ohio Associations.

In acknowledging the receipt of the check returned to the Ohio Association, J. Fred Anderson, Secretary and Treasurer, addressed the following communication to the Chairman of the Finance Committee:

SPRINGFIELD, OHIO, OCTOBER 27, 1923.

DEAR MR. WOLL:

I have received this morning a letter from George W. Kehr, National Secretary, enclosing your check No. 16 on the Illinois Merchants Trust Company for $368.49 representing Ohio share of returned contribution to the National Convention recently held at Louisville, Ky.

Seldom indeed do such things happen. Ordinarily one is asked to make up a deficit, and the return of this money certainly evidences the fact that those in charge of this convention were looking after the financial end of it in as careful and proper a manner as they would their own private affairs.

I believe that this last convention was the best I have ever had the pleasure of attending. There was a wonderful spirit of good will and fellowship manifested. The addresses and papers were well prepared and well delivered. I believe that everyone who attended this convention felt well repaid for the time and expense involved.

With kindest personal regards, I am,

Most sincerely yours,

J. FRED ANDERSON

Sec'y-Treas.

ADVERTISING PRESENTS THE SMALL LOANS CASE IN INDIANA.

How Educational and Human Interest Copy Are Being Used to Build Good Will for the Indiana Industrial Lenders Association, an Organization of 122 Loan Companies.

The Indiana Industrial Lenders Association, an organization comprising 122 loan companies of the State of Indiana, in the newspapers of cities in which members are located is conducting a purely educational advertising campaign.

For seven years the organization has been in existence but the idea of using paid space to establish good will did not gather momentum until the recent convention of the association at Indianapolis. The need of advertising was then so apparent that adoption of the new step was recorded without a single dissenting vote.

The need of informing the public of present-day conditions dictated the first type of copy which appeared in more than one-fourth page space in the Indianapolis newspapers.

"Throwing Light— On a Business You Should Understand!" read the caption, against the rising-sun background. The text declared:

You are entitled to know all the facts about any business so vitally important in modern life as ours.

Fifteen years ago the type of man that dominated this money-lending field was the grasping and unscrupulous "loan shark."

That type is dead. The "loan shark" has passed.

It is not fair to you or to us to permit the honest business of lending money, to labor under the shadow of another's misdeeds.

The loan business of to-day is conducted by BUSINESS men, who realize that the life of any business is assured only as the business answers fairly the needs of the public.

The State of Indiana has passed laws that specify a maximum rate of interest to be charged in lending money. Industrial lenders are responsible legally to the State Banking Department, and morally to the public at large, and are recognized by great men and great institutions in both business and public life as faithful and friendly servants to the man of moderate means.

In this series of messages we hope to shed light on the true methods of operation followed by legalized loan companies.

This statement of its platform is echoed in some degree in all later copy. A pledge of service to the people also was early advertised, guaranteeing observance of Indiana statutes and protection of deserving people against payment of interest higher than that provided by law.

Succeeding insertions of smaller size, appearing Wednesday and Saturday in Indianapolis papers and in other cities at the direction of the local associations, were, in the main, human-interest stories of honest workingmen who, aided by timely loans had been able to grasp opportunities or meet stringent financial necessities.

How Bob Brandon with eight children and an inadequate salary was enabled to buy a truck garden, and how a new home for Bill and Mary was made possible by advancement of the first payment are typical instances cited.

"Who borrows money from an Industrial Lender?" as one advertisement asked was answered by men and women from all walks of life. The copy disregards the stigma of dealing with the loan shark. It assumes that it is entirely honorable to deal with an institution of character. The Industrial Lender is referred to as "nothing more or less than a banker who makes small loans as a business proposition," and as "a necessary cog in modern business."

The card of membership in the association also lent itself to copy, and the public was directed to those loan companies which displayed it.

At another time a testimonial was made to the honesty of the public. "Very often," stated the copy, speaking of the workingman, "his security might be considered insufficient." It was then related how the loan company took character into consideration and often placed an implicit trust in the borrower which was seldom violated. In all copy, lenience and coöperation are inferred, together with a desire for pleasant and congenial relations with the borrower.

In various states, small-loans institutions have aided in the passage of legislation for the deterrence of unscrupulous lenders. Many of these institutions have taken the next progressive step, establishing good will by advertising, and they are finding it of remarkable assistance in shoveling into the grave the old-time loan shark, the popular prejudice against their profession.

Printer's Ink, Sept. 20, 1923.

LENDERS ASSOCIATION TO MEET HERE ON NOV. 21ST.

Biennial Convention of Association Will Bring Many Delegates to Kokomo.

LOCAL MAN IS PRESIDENT.

FRED DAVIES WILL ACT AS HOST—IS PREPARING AN ELABORATE PROGRAM.

On Wednesday, November 21, Kokomo is going to be the scene of a convention that is somewhat out of the ordinary, as conventions go in this city. Something like 100 delegates will be in attendance on the sessions, which are to be held in the Elks clubrooms in West Mulberry street.

The occasion will be the third biennial convention of managers of the Indiana Industrial Lenders Association, of which a Kokomo man, Fred Davies, is president. Mr. Davies is manager of the Central and the Legal Loan companies of this city, and as such there will devolve upon him all the responsibilities of host and entertainer in chief. The ease, resourcefulness and ingenuity with which he devises programs of entertainment are well enough known to his fellow members of the Kiwanis club, for which organization it has been his duty at divers times to furnish the fun as well as the more serious phases of various programs, and if his associates in the Industrial Lenders Association are not aware of these qualities of Mr. Davies, a very agreeable surprise is in store for them when they assemble here in November.

Among the more serious agenda of the convention will be the business session which is scheduled to begin at 10:30 a. m. at the Elks club. The meeting will be broken at the noon hour by a luncheon at the Courtland hotel, to be followed by another business session in the afternoon.

Officers will not be elected at the meeting here, this important matter not requiring the attention of the association until the next regular meeting in the spring, so that Mr. Davies will not only welcome the delegates in his capacity of president but also as president will bid them farewell after the business of the meeting and the merrymaking are over.

At a recent meeting of the executive board it was decided to hold the convention in Kokomo, in honor of the state president, Mr. Davies, who expressed himself to-day to the effect that this city was fortunate in getting this convention, which confines its biennial meetings almost exclusively to the larger cities of the state. There are more than 130 companies affiliated with the state organization, representing almost every county in Indiana, and practically every one of them will have a delegation at the convention here.

The association is recognized as having done much to uplift and dignify the loan business, and is responsible for the present loan law having been placed among the statutes of Indiana, which is advocated by the Russell Sage Foundation. The foundation has approved this law as being fair alike to the borrower and the men who have invested their money in the business. All loan companies in Indiana are now supervised by the state banking department, and the state association at the present time is running a series of newspaper advertisements in the papers of Kokomo and other newspapers of the state.

Mr. Davies and his helpers among the association's members are making plans for a good meeting, having arranged for speakers of national reputation to address the convention. In addition there will be purely entertainment features of a high order.

The agenda includes a banquet Tuesday evening at the Courtland hotel with the Legal Loan company acting as host. This one company has twenty-one offices located in the central part of Indiana, and all of their scores of employes are expected to be present as guests.—*Kokomo, Ind., Daily Tribune, Oct. 23, 1923.*

FEW PEOPLE NOW FREE FROM DEBT.

CREDIT LAVISHLY USED.

Instalment Plan Buying Encouraged in Many Luxury Lines.

Mortgages Are the Rule.

Savings Deposits Are Large, But the Ordinary Man Has to Borrow in Time of Need.

Down in Georgia there is a man who wants everybody in the county without debts to attend a barbecue at which he will be host. One jesting editor has said that he hopes "all three" of the guests will enjoy themselves. Doubtless the sarcasm in the Georgian's gesture has caused readers throughout the country to reflect on their chances of a seat among the elect. The number would not be large, judging from the extent to which credit is used in American daily life.

It might be desirable to draw a line between credit and debt, but it is difficult to find the dividing point. In other and simpler days, when economy and privation were familiar in most homes, debt was a thing dreaded as the worst of ogres. In the literature and the drama of those days a mortgage hung over every home. This either was foreclosed at the climax, or the wandering son returned to lift it and keep the old folk in comfort the rest of their lives. Nowadays almost every home is mortgaged and nobody seems to care. So times have changed.

Only five per cent of the total business of the nation is conducted upon that cash-and-carry plan which was a heritage from the fathers. Just what the total of American business approximates in a year would be difficult to determine accurately, but it was placed at $350,000,000,000 by J. Harry Tregoe, Secretary of the National Association of Credit Men. Mr. Tregoe added that ninety-five per cent of all business was conducted upon credit and ninety per cent of the annual credit turnover was paid in checks.

Credit, of course, has much in its favor. It is the lubricant of business, the medium that keeps the wheels turning. But it has distinct perils.

Extravagant Use of Credit.

"Credit is the cheapest commodity we have to-day," said Mr. Tregoe, "and the cause of much woe, to buyer and seller I look upon the extravagant use of credit as an attack upon our whole system of economy; and there can be no doubt that we as a nation, are using credit extravagantly. This not only is the fault of the public, but of organized business as well.

"Everywhere one goes credit is thrust upon him. It takes considerable resolution to resist the temptation to buy. Business, in its eagerness to sell, has devised a thousand plans based upon credit. Many people buy thing they cannot afford, run themselves into debt, and either fail to meet their obligations or else must go through a long period of struggle—all caused by mistaken purchases."

As an illustration of the way some industries are functioning on credit, Mr. Tregoe said that he understood 70 per cent of automobiles were sold on some plan of credit. This percentage probably would apply to many other industries, such as the manufacture of talking machines, pianos and the retail sale of furniture. Some kinds of goods are sold to such a large extent on credit that few buyers ever think of paying cash. In a number of instances there would be no advantage, because the high cost of credit has been figured into the universal sale price, and the cash buyer merely pays part of the burden for the buyer on credit.

"The increasing facilities for the use of credit may be blamed for much of our extravagance," said Mr. Tregoe. "Without them we should forego many purchases which we have come to regard as necessary, knowing that they are to be had without much present trouble, and depending on the future to provide for their payment. Individual credit, no matter how excellent it may be in specific cases, is the unsafest credit in the world as a whole. And it is this individual credit which is used so unwisely."

The Instalment Habit

When the ordinary man looks around to-day and decides that he will buy a home, it is seldom that he has the means to pay the full purchase price. So he buys on credit, with an initial payment of from $500 to $3,000, and one or two mortgages. By the time he gets through signing papers and paying fees the next few years of his life are well mortgaged.

Then comes the question of furnishings, if this home-making happens to begin at the beginning. An instalment furniture bill follows for almost any amount, perhaps including a talking machine or a piano, maybe a washing machine and a whole assortment of the up-to-date electrical fixtures. All of these things and a host of others are eagerly sold on instalment, particularly when the buyer is a home owner. And once the interior has been properly equipped along comes the automobile salesman who deals in instalments, and completes the bondage of the home-builder.

The science of selling has reached such a degree of efficiency that it is impossible to go in any direction, to pick up any publication, without meeting clever suggestions to buy something—soap, clothing, home and automobiles. Since the war period, it has been remarked, the number of luxuries advertised is largely on the increase.

The Provident Loan Society was founded for the purpose of offering ready money in an emergency on low terms upon personal collateral. It has gone far to meet the demands of a numerous class who are without any cash reserve but have assets that may be easily realized, such as jewelry.

"The growth of the instalment business has been one of the biggest factors in increasing the debts of the American people," said Arthur H. Ham, President of the society. "It is so easy to buy almost anything within the range of daily use by the payment of a small sum down that a great deal of our buying is carried on without the forethought that cash payment would involve.

"Americans used to be taught that they never should buy anything until they had the money in their hands to pay for it. But that old doctrine has fallen away, and nowadays we are urged at every turn to buy something upon almost any terms.

"Debt is rapidly increasing in this country: by just how much nobody knows, but there are signs of it everywhere. The growth of luxuries arouses the desire for more luxuries, and the easy purchase of these for a trifling first payment encourages obligations which can be met only with great difficulty."

Help for Small Borrower.

Another phase of the debt question involves personal loans, obtained either on collateral or by means of endorsements. The Russel Sage Foundation has endeavored to help the small borrower solve his problems and has a legislative program which is expected to provide important remedies. Through the efforts of the Foundation a uniform bill has been passed in eighteen States limiting the monthly interest on small loans to 3½ per cent a month.

At first sight this might seem like a stupendous interest, 42 per cent a year. But in States where such legislation has not been passed these rates often mount to 500 or even 1,000 per cent a year. The Foundation made a thorough study of the matter before introducing its measure and believes that general adoption of this bill would have a broad influence in eliminating usury, often cloaked under the law.

Despite the lax use of credit and the undoubted increase of indebtedness, inquiry tends to show that the loan shark of other days is not so formidable at least, he does not operate with such boldness nor have things so much his own way. Many big industries have organized mutual societies for the purpose of combating the loan shark, one of the most successful being that of the Pennsylvania Railroad.

Those societies enable employes who become members, usually by capital subscription, to borrow money with a minimum of trouble on low terms. Thus the loan shark has been virtually eliminated in many industrial centers by restricting his field of opportunity. Competition is the one thing that he cannot meet—a thing much more effective than laws and campaigns.

An offshoot of these mutual lending societies in the form of credit unions is gaining prestige, with laws in ten States permitting the operation of such unions. They have been organized in accordance with European models which long ago proved their value. New York State has 100 credit unions. Massachusetts 100, North Carolina 33. Membership is obtained by a subscription to the capital, and loans are made on the signatures of two endorsers. The extent of operations may be judged from the $8,000,000 capitalization of the New York unions and the total of $14,000,000 for the three States.

Credit unions may be organized among the employes of a large corporation or by any group which obtains the approval of the State Banking Department. Considerable care has been exercised in the issuance of licenses, particularly in New York, where it is said that only a small part of the applications has been acted upon favorably.

Any one belonging to a credit union has capital near to hand at minimum cost. Endorsements for loans may be obtained from other members, so that the service is mutual in the highest sense, the borrower of to-day becoming the endorser of to-morrow. And the risk is thoroughly mutual in either case.

New Yorkers as Spenders.

Despite the great increase in savings during the last year or two and the evidences of prosperity on all hands, the pawnshops of New York are doing an excellent business. And—perhaps it should be whispered—the pawnbrokers also find our general extravagance the reason for their success. The manager of one of New York's largest pawnbroking concerns said that a considerable part of his business arose from needs unexpected which required money at once.

"Most New Yorkers have no cash reserve," he said. "I do not believe that the average man here has even $100 on hand. He spends as he goes, and when sickness or business trouble comes to him he must look around for a ready source. Then he turns to us. We treat him fairly. If he has negotiable property he pays us less than he would be compelled to pay a loan broker and frequently less than would be demanded by a bank. The transaction is quick, confidential, and generally satisfactory on both sides.

"Business is excellent with us. Yes, it is true that people are buying more luxuries than ever before. They certainly spend a lot of their money that way which they would be wiser to save. But I suppose that there is no use talking about saving to most men, because it is unpleasant for them to deprive themselves. They prefer present pleasures to possible benefits.

"Although wages are high at this time, prices also are high, and there really is not much margin to permit savings. In the past it often has been the rule that our business was best when depressions were worst, because of the acute need for ready money, but we are making all the loans our capital justifies at this time right in the midst of a prosperous period."

Summing up the combined experience of the men consulted on the individual debts of the American people, all the facts would point to a narrow margin between their necessities of to-day and the demands of to-morrow. So long as the everyday American keeps his job or continues his business, he gets along well enough, generally owing a little more than his assets, but not usually pressed for money. The moment that something goes wrong he finds himself confronted with the need of a lending agency.

Notwithstanding the many billions of dollars on deposit in savings institutions the money is not so widely distributed as might be desired. It represents the rainy day fund of the thrifty class rather than a cross section of the American democracy. The conclusion is inescapable that most Americans are spending faster than they earn, depending on that magical faculty of the nation—good luck—to meet whatever troubles may come.

New York Times, Nov. 4, 1923.

EDWARD M. STEIMLE RETURNS TO ATLANTA

Edward M. Steimle has returned to Atlanta after an absence of several years and has assumed management of the Citizens Loan company, an industrial company which he organized ten years ago, according to announcement Saturday by officials of the company.

Mr. Steimle is an authority on industrial loans, having spent many years in careful study of this business and in actual experience in the field. The Citizens Loan Company, which he organized many years ago was one of the first legitimate loan companies in the state. Mr. Steimle was one of the first industrial loan officials to accept the general plan evolved by the Russell Sage Foundation investigation, applying the principle to his company with marked success.

The principle of the Sage Foundation is that 3½ per cent is legitimate interest to charge on sums borrowed by those who have no credit at banks. This rate now applies to industrial loan companies in 18 states. Georgia having adopted the plan by an act of the legislature of 1920.

Mr. Steimle has established loan offices in Pittsburg, Philadelphia, Chicago, Savannah and many other large cities, and has experienced success in such undertaking, he states.

"I am very glad to get back to Atlanta," Mr. Steimle states, "and I am agreeably surprised at the rapid growth and development of the city during the past ten years. It is marvelous the way Atlanta can grow and expand. This city is certainly the metropolis of the south and destined to become one of the greatest cities in the nation, I believe," he concluded.

Atlanta Constitution, Nov. 4, 1923.

BENEFITS OF SMALL LOAN BUSINESS AS ESTABLISHED BY THE ACT OF 1917.

Among agencies for financing the business of the American people both in big ways and in small there is a service represented in the membership of the Association of Commerce by the subdivision known as Licensed Lenders, being Division No. 55. The licensed lenders by regulation of law provide small funds for the worthy needy at a fixed rate. It happens that on one or two occasions, when their work has been in peril before the Illinois legislature, the Association has been able to be of some assistance to these interests. They are an essential factor in the credit system accommodating the small borrower.

Chicago Commerce has invited a representative of that interest to report on the progress of this service, and this is herewith done by Charles L. Napier, a member of division No. 55, of which L. C. Harbison is chairman:

"For many years past the larger centers of population in America have required a considerable volume of small loans, but until about the beginning of the recent century, the business was conducted in a haphazard fashion, often at exorbitant rates of interest, and usually without regard to the character or mental capacity of the borrowers, or use to be made of the money loaned. Such conditions naturally produced some friction but no change in the business worthy of note took place in Chicago until some time after the World's Fair.

"Seemingly there was no direct connection between the fair and the small loan business, but the probabilities are that the fair increased the demand for such loans and intensified the evils which had attended them, with the result that what was at first merely adverse criticism, became an agitation against the business, and later, somewhat of an uproar concerning it.

"In the light of present-day conditions it appears that this movement against the loan business, which was then looked upon by even the better class of lenders as an injustice, was really the best thing that could have happened for everybody concerned, for a general clean-up resulted.

"An effort which began in 1912, resulted in 1917, in the passage of the Illinois small loan act. Under it lenders are licensed and their business supervised and regulated in much the same manner as are banks. The effect of the act was to reduce the interest rate by more than two-thirds; and, generally speaking, put the control of the business into the hands of reputable lenders, who have made it useful and constructive.

"While the social necessity for the small loan business is no longer questioned by persons who are informed with respect to it, the lenders themselves now admit that the business imposes a definite moral obligation upon those engaging in it. In recognition of this obligation, the members of division 55 make it a rule not to lend to irresponsible or dissipated persons; nor to any one for an improper use; nor beyond the needs of the borrower; nor beyond the borrower's ability to get out of debt within a reasonable time.

"These lenders have come to believe that their interests, and those of the men and women who borrow from them, are in a large measure identical; and, that any benefit to the borrowing class is a direct benefit to their city, and an indirect benefit to the lenders themselves.

"While laws regulating the small loan business have been enacted in some twenty states, the latest being Rhode Island in 1923, and much improvement has been made in the conduct of the business in each of those states, the business is probably on a higher plane in Illinois, than in any other state in the Union."

Chicago Commerce, Oct. 20, 1923.

Young man 24 desires position with reliable Loan company. Two years experience. Best of references. Address box 778 c/o Industrial Lenders News. Harrisburg, Pa.

WEST VIRGINIA.

The annual meeting of the West Virginia Industrial Lenders Association was held at the Frederick Hotel, Huntington West Virginia, Friday, October 19th. The following officers were elected for the coming year: Chairman, H. L. White, Wheeling, W. Va.; vice chairman, C. Cunningham, Bluefield, W. Va.; secretary, Wm. B. Grimes, Charleston, W. Va.; treasurer, D. E. Earnest, Parkersburg, W. Va.. committee, Edw. B. Campbell, Huntington; George B. Benson, Huntington; Owen Musgrave, Huntington; E. R. Meadows, Huntington.

It is doubtful if any meeting held by the State Association possessed the spirit and value to the future of the State organization as the one held this year. The membership has been increased and it will be but a short time until the State will be 100%.

The West Virginia Association is proud of the Silver Loving Cup won for having the largest percentage of its membership present at the National Convention and go on record that they will endeavor to hold it again next year.

Mr. Harry T. Bates, Economy Loan & Investment Co. of Wheeling, W. Va., was admitted to membership in the State and National Associations. The following Companies are now in good standing both State and National; Home Loan Co., Huntington, West Virginia; W. Va. Loan Co., Huntington; American Loan Co., Huntington; Union Loan Co., Huntington; Bluefield Investment Co., Bluefield; State Loan Co., Wheeling; Economy Loan & Investment Co., Wheeling; West Virginia Loan Co., Charleston; Capital City Loan Co., Charleston; Ideal Loan Co., Charleston; and State Loan Co., Parkersburg. One more new member will be added within the next few weeks.

The session was given over to the transaction of routine business which included the reports of the committees and of the Secretary and Treasurer. Mr. H. L. White the Chairman gave a report on the National Convention held at Louisville also discussed the State Association business for the coming year. The legal reform law was also discussed among the members to some extent.

The luncheon was held in the Dining Room of the Frederick Hotel at 1 P. M. and after the luncheon the members were treated to several musical hits by Mr. George Benson of the Union Loan Co., Huntington at the piano who is quite an artist.

The meeting was adjourned at 3 P. M. D E. EARNEST, *Treas.*

MARYLAND.

The October monthly meeting of the Maryland Industrial Lenders Association was held in the Board room of the Merchants & Manufacturers Association Building, at No. 22 Light Street, Baltimore, Md., on Tuesday evening, Oct. 9th, at 8 P. M.

Chairman Gardner promptly called the meeting to order. The minutes of the meeting show the following members were present: Earl Fuggett, C. A. Gardner, United Finance Security Corporation; Wm. J. Delcher, Jr., H. C. Moore, George W. Stancill, Jr., Peoples Finance Service Co.; W. F. Oliver, Jr., Household Finance Co.; J. E. Turner, Herman Lappe, Leroy Busch, Wm. Young, Community Finance Service; R. L. Smith, Masters Loan Service Incorporated; F. L. Brust, Roy T. Baseman, Peoples Loan Society; E. E. Houghan, Coöperative Loan Co.

Report of Officers.

In the absence of Treasurer Goldrick, the Secretary reported that we have $300 in the treasury, with all bills paid to date excepting six months retainer fee ordered the secretary to request the treasurer to immediately pay Attorney Bryant.

The Secretary reported a membership of 19. Eighteen in good standing as of December 31, 1923. Seventeen of which are members in good standing in the American Industrial Lenders Association as of Feb. 1, 1924.

Report of Committees.

In the absence of Executive Committee Chairman Mattingly no report was recorded as to the activities of this Committee.

Chairman Young of the Membership Committee, reported progress, and assured the members that he would have at least two companies to submit for membership by our next meeting.

Chairman Eckhart of the Program Committee being absent, the Secretary reported that Mr. George W. Stancill, Jr., outside man of the Peoples Finance Service Co. had prepared a paper to be read at this meeting, entitled "My Experience in Handling Delinquent Accounts."

Chairman Pumphrey of the Publicity Committee being absent, the secretary was instructed to request him to write a new advertisement for the *Baltimore Magazine,* using the same amount of space as our present advertisement and to insert this advertisement in the next issue of the Magazine.

Chairman Hougham of the Exchange Committee reported progress.

Unfinished Business.

The matter of Incorporating the Maryland Association was not discussed at this meeting, but was carried forward until November monthly meeting for action.

Communications.

The secretary read a letter from Emerson B. Knight Incorporated of Indianapolis, Ind., asking if the Maryland Association would be interested in putting on an advertising campaign similar to the one recently conducted in Indiana, if so they would be very glad to take care of the advertising for us, as they have had two years experience in preparing advertising for the small loan business in various forms by direct mail, publicity, newspaper advertising, etc.

An advertising campaign of education would find favor at this time if run purely from an educational point of view. This matter not being voted on, was carried forward until November meeting.

New Business.

"My Experience in Handling Delinquent Accounts."

When I opened Program Committee Chairman Eckhart's letter requesting that I prepare a paper to be read at this meeting my first thought was to decline, owing to my limited experience in the loan business, I did not feel capable of telling you anything new in the way of handling successfully a delinquent account, as the majority of you fellows know far more about the loan business than I may ever know. However, I will give you a few points relative to my experience in handling delinquent accounts.

Persistence and persuasion will do more in collecting money than any other method. It should be the thought of every man to "Keep the customer and get the money."

An outside man must know in his own heart, that 99 people out of every 100 are honest, and do the best they can in the eyes of their God in respecting their obligation. When a customer permits his account to run overdue, there is a reason, and it is the outside man's duty to find out just what the cause is.

In our office, when a loan is made, the customer is given a pass book, and his contract is thoroughly explained that all payments are to be paid at the office no later than the due date. If the customer fails to make payment on the due date, within a period of a few days, he receives a notice calling his attention to the payment being overdue. This notice is followed by a second and third notice, then if there is no response, the customer is sent a dictated letter signed by the manager. We next try to get in touch with the customer by telephone, if not successful, the card is placed in the route for attention.

When I am requested to call on a delinquent customer, the condition of the account is thoroughly explained to me by the manager; with this knowledge before me, I am in a better position to contact the customer. Then I adjust myself to suit the existing condition as I find it at the home, or the business place of the husband. In calling at the residence I make it a point to sit down and talk to the client in a smooth, persuasive tone, endeavor to show them the right way, explain to them, if they do not have the money when the payment is due, it is their duty to call at the office, and see the manager, who will gladly grant the extension should it be deserving. If an extension is worth having, it is certainly worth asking for, and the office is the place to get it.

Do not frighten or threaten them. Have the customer know that you are doing everything in your power to keep their credit good. We want them to know that it is a part of our service to keep their account in a perfect condition, and on a business basis.

Remember, boys, your business is to look up and approve loans, and collect slow accounts. Be a regular fellow, show the delinquent you are a human being, you are willing to listen to reason, that you are kind, considerate and just. You only want what is fair, reasonable and right. Win their confidence, teach them how to manage, show them how to finance, tell them how to pool all their little obligations. At all times impress upon their minds that "Good credit is better than gold." We feel that way about their credit with us. Let us be their banker when illness, out of work or death to a dear one comes.

No matter what their financial condition may be, the office is the place to explain it. Use tact, skill, be inventive, thereby getting the delinquent to call at the office, and explain his condition to the manager. This should be the sole thought of every outside man.

Immediate results are the things that count. Get the customer to the office, our Manager lays special stress upon us boys getting immediate results by having a customer call at the office in person in preference to telephoning.

A promise to pay given at the office carries far more weight than one over the telephone, therefore, we have a customer call at the office in person when asking for an extension in order that the manager may go deeper into the matter should he so desire. The impression is there.

GEORGE W. STANCILL. JR.

Mr. Stancill was complimented upon his paper by several members. After which a general discussion took place covering the importance of an outside man being thorough in his work.

Messrs. Young, Gardner and Hougham gave short but interesting talks upon how they enjoyed attending the National Convention at Louisville, Ky., especially so from a social and educational point of view.

No further business to transact, on motion by Mr. Turner, seconded by Mr. Baseman, the meeting adjourned until, Tuesday evening, at 7:30 p. m., on November 13, 1923.

H. C. MOORE, *Secretary.*

REPORT OF THE COMMITTEE ON SMALL LOANS AND INVESTMENTS TO THE EXECUTIVE COMMITTEE OF THE NATIONAL ASSOCIATION OF LEGAL AID ORGANIZATIONS AT NEW YORK CITY, OCTOBER 5, 1923.

As Chairman of the Committee on Small Loans and Investments, I desire to submit the following recommendation as to the proposed activity of the committee for the ensuing year.

The committee has conducted a careful national survey as to the situation throughout the various states, relative to small loan legislation. This survey indicates that in ten states there is in effect at present a uniform law which provides interest at the rate of 3½% per month on small loans, which law has the support of the Russell Sage Foundation and reputable welfare organizations in the various states affected, which are as follows:

Arizona, Connecticut, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Pennsylvania, Rhode Island, Virginia.

In nine other states there is in force at present a similar law, as follows:

Colorado, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oregon, Utah.

The committee has been in Conference with representatives of the Russell Sage Foundation, the American Industrial Lenders Association, the Pennsylvania Industrial Lenders Association, the president of the American Industrial Lenders Association and the Chairman of the National Legislative Committee of this same association. The last state in which the 3½% law was enacted in Rhode Island, where it was passed in 1923, becoming effective January 1, 1924. In three additional states, West Virginia, Minnesota and Missouri an effort was made to pass the uniform 3½% law, but in each of these states it failed of passage. In the present year also, an amendment to the law in the state of New York, providing for 3½% interest rate was defeated.

This committee suggests to the Executive Committee of the National Association of Legal Aid Organizations that its efforts be concentrated on two purposes:

1. To coöperate with the Russell Sage Foundation and the American Industrial Lenders Association, toward bringing about the enactment of the 3½% law in the states which are determined upon by conference of these organizations in November. under the auspices of the Russell Sage Foundation.

2. That in all other states in which the uniform law, or a similar law, is not now in operation, that the Legal Aid Organizations shall, by forceful publicity and intelligent propaganda, direct public attention to abuses practiced by unscrupulous money lenders, charging rates in excess of 3½% per month; and that the Legal Aid Organizations also compile statistical data as to the evils arising from these usurious practices.

That the committee devote its energies toward carrying out this program is our recommendation.

Respectfully submitted,
ROMAIN C. HASSRICK,
Chairman Committee on Small Loans and Investments.

CAN YOU BEAT IT?

On October 25th one of our eastern members referred to J. A. Macbeth, manager of the Detroit Mortgage Loan Co., an account upon which there was a small balance past due since last July. On October 27th the account was seen, the money due collected, and the account closed and a check remitted to the sending member October 29th, reaching its destination the morning of October 31st. This incident is published merely to show the prompt service that is rendered to members, by Mr. Macbeth in Detroit and seems to justify the reputation that he has of being the best collector in the country. The question is, does membership in the A. I. I. A. and its affiliated state organizations pay? The answer is, it does!

FROM SINGAPORE.

The National Secretary,
The American Industrial Lenders Association, Harrisburg, Pa., U. S. A.

DEAR SIR:

I have received your letter dated 3d August together with a copy of your official organ and some other printed matter for which I want to thank you very much. I must say here that it is very kind indeed on your part to send me the official organ, etc., and I must say at the same time that I appreciate very much this help and coöperation of yours.

Very truly yours,
G. L. STODART.

FROM GLASGOW, SCOTLAND.

October 15, 1923.

DEAR MR. KEHR:

I am much obliged to you for your letter of the 28th September.

I am pleased to tell you that the printed matter you sent me reached me in good order, and was a source of considerable interest to our members. I feel, indeed, that if it were possible to arrange for the regular distribution of such literature among our members (for which, of course, they would no doubt be willing to pay) it would prove of great benefit to them in the conduct of their business.

At our next meeting I am putting forward the very kind offer of assistance in locating skips, and I will communicate with you again after that meeting.

Thanking you once again, and with all good wishes, I am, yours sincerely,

EARNEST GREENHILL.

PENNSYLVANIA.

DEAR FELLOW MEMBER:

THE TIME.

Wednesday, November 21, 1923, will go down in the history of the Pennsylvania Industrial Lenders Association as a Red Letter Day.

THE PLACE.

The beautiful Rose Garden, which is located on the roof of the Bellevue-Stratford Hotel, Philadelphia.

THE OCCASION.

The Eighth Annual Convention of the Pennsylvania Industrial Lenders Association. All day business meeting, an eminent Philadelphian will address you during luncheon. Will you be there to participate in the

Business Meeting
Banquet
Entertainment
Dancing
and
Prize Drawing?

The ladies will be specially provided for.

A. S. EZEKIEL,
Chairman Ent. Com.

CONVENTION ECHOES.

Re: the Louisville Convention, let me say that it seemed to me to be a success from any standpoint from which it could be viewed. One of the most enjoyable and interesting from both a social and business angle that I ever attended. I trust that you will be able to land Harrisburg as the location of the 1924 Convention, as I know you can and will put it across if given the opportunity.

ALAN K. DOLLIVER.

SPECIAL NOTICE.

In order that the Publicity Bureau may compile records of publicty, will each member forward all items of publicity, whether for or against the Industrial Loan business, or advise where they may be obtained, mail to

R. F. HARTZ,
347 Bankers Trust Bldg.,
Indianapolis. Ind.

Let reverence for the law be breathed by every mother to the lisping babe that prattles on her lap; let it be taught in schools, seminaries, and colleges; let it be written in primers, spelling books, and almanacs; let it be preached from pulpits, and proclaimed in legislative halls, and enforced in courts of justice; in short, let it become the political religion of the nation.—*Abraham Lincoln.*

GEORGIA.

From the point of attendance, enthusiasm, and interest shown and the importance of the business transacted, the meeting held in Atlanta, November 14th, was without exception the biggest and best get-to-gether business meeting the Georgia Association ever held.

We had with us as our guest and counsel, Attorney Tillou Von Nunes of Atlanta. There were seven companies with representation of 18 men. Citizens Loan Company—Mr. Steimle, Mr. Wilson, Mr. Bell, Mr. Turner, Mr. Bowdon; Beneficial Loan Society—Mr. Snyder, Mr. Bryand; Southern Security—Mr. Lassiter, Mr. Harris; Seaboard Security Co.—Mr. McCollum, Mr. Maffett; Securities Investment Co.—Mr. Davis; The Masters Loan Service, Inc.—Mr. Madison, Mr. J. B. Madison, Mr. Worley; American Loan Co.—Mr. Dismer, Mr. Allen. Due to the illness in the families of Mr. Sharp and Mr. Adair, they were unable to be present.

The meeting was called to order by Chairman Madison at 8 p. m. By motion duly seconded and unanimously carried, roll call and the reading of the minutes of the previous meeting were dispensed with. Chairman Madison addressed the meeting, informing all present that from this meeting on, the Association must adhere strictly to the Association's constitution and by-laws, and that each and every man present should take an active part in all meetings.

Treasurer Snyder reported $22.37 in treasury, all bills to date paid.

American Loan Co., 406 Peters Bldg., Atlanta, Mr. Chas. T. Dismer, Mgr., unanimously elected to membership to Georgia Industrial Lenders Association. Dues to be paid beginning Jan. 1, 1923.

Mr. Steimle then gave a talk on some of the things necessary to make a successful Association, which in part Mr. Steimle stated:

"I am not going to take a lot of valuable time telling you what the Illinois Association or any other Association does. Will say a few words on what we, in Georgia, should do—that makes for a successful Association.

"1st. The first and above all important thing to remember in successful Association work is that everyone should and must have confidence in the other fellow and must maintain an unselfish attitude in everything he does in connection with the Association.

"2d. Hold frequent meetings. Insist upon every one participating, and by all means get the managers and outside men to attend.

"3d. Get prominent men to address us at least once a year. Get whenever possible newspaper notices of meetings. Appoint committees that will function. See that every one is acquainted. Invite the ladies at least once each year to attend meeting and furnish entertainment and a dance. Try to get the National Chairman to address us. Keep a cash reserve in treasury. See to it that our officers are fellows that will work. Keep things moving and inspire the other fellows."

After much discussion as to the holding of regular meetings in which the majority present participated, it was moved by Mr. Steimle and duly seconded by Mr. Maffett and unanimously carried that the Georgia Industrial Lenders Association hold their regular meetings once each month on the fourth Friday of month, beginning the fourth Friday in December, and that a banquet be held at some hotel, including speakers, entertainment, and dance, some time during the first two weeks in January, 1924.

By proper motion, Chairman Madison was authorized to appoint an entertainment committee to report in detail at next regular meeting. The chair appointed Mr. Lassiter, Mr. Maffett, Mr. Bryant, Mr. Harris, and Mr. J. Madison.

The matter of publicity was then discussed at some length. It was the consensus of opinion that notices of all meetings be gotten into the three Atlanta papers, also a brief story of meetings be published.

It was properly moved and seconded that the chair appoint a committee to get story of this meeting into the three papers immediately. The chair appointed Mr. Maffett and Mr. Dismer. Attorney Mr. Von Nunes voluntarily offered his service to this committee, which was appreciated very much.

It was proposed by Mr. Madison, Mr. Steimle, and Mr. Snyder that the Atlanta members of the Association join as a whole, the Atlanta Chamber of Commerce. A good half hour discussion of this subject was taken part in by several members. It was unanimously agreed that all Atlanta Association members should join individually, or in a body, that it would be the biggest thing the Georgia Association and the Industrial Loan business along the lines of favorable publicity could do.

It was properly moved and seconded that the chair appoint a committee to get full details from the Chamber of Commerce and report back at next meeting. Mr. Snyder and Mr. Steimle were appointed.

The next subject was one in which all members were very much interested and which brought about considerable discussion. A clearing house for loans of Atlanta members. It was the consensus of opinion that we should by all means organize a clearing house that will adequately meet the demands of the Altanta offices.

It was moved and duly seconded that the chair appoint a committee to formulate a plan for clearance house and report back in detail at next meeting. The chair appointed Mr. Lassiter, Mr. Steimle, Mr. Davis.

The special feature of this meeting was a question box. Each member to write on paper five questions pertaining to the business. The question box was full, but the hour was late. The secretary read several questions, which were discussed by all, and we all learned something. Attorney Tillou Von Nunes answered many questions on the legal phase of our business. A few of the questions are:

1. How many notices by mail should be sent a past due account, before sending a man on it?

2. Is it a violation of the law to make the endorser of a loan of $300.00 a separate loan of $300.00? Can you sue either party and recover?

3. To what extent in percentage do you think accounts are doubled up?

4. What recourse have we if security for loan is destroyed by fire?

5. What recourse have we in case of death of indorsers?

6. How may we coöperate with the merchants, professional men, and the business men in general in their present campaign against the dead-beat, slow pay, and the undesirable accounts in general?

7. How can we as individuals or as an organization enlighten the borrowing public against the high rate people? There are at the lowest estimate 10,000 persons representing $250,000 borrowed money from these concerns. This business rightfully belongs to the legal lender.

Attorney Von Nunes had to leave us at this time. It was moved and seconded that a rising vote of thanks be given Mr. Von Nunes.

After being notified that the doors of the building would be locked in fifteen minutes and not having provided beds, and with many questions still to be answered, a motion for adjournment was carried.

F. B. Snyder,
Secretary and Treasurer.

Mr. Madison, who was a delegate to the National Convention at Louisville, Ky., made a brief report on the proceedings at the Convention. He said in part that it was the most harmonious convention he ever attended, that much was accomplished in the way of a better understanding among members. That the many prominent guests in attendance delivered speeches worth while. He spoke highly of Mr. Reed, who as chairman of the Reception Committee spared neither time or money to make the members happy. Mr. Madison was delighted with the election of an old friend, Dr. Mueller, as National Chairman, and predicted a successful year with Mr. Mueller at the helm.

YEAR BOOK.

If there are no unfortunate delays, our members and others interested may expect to receive copies of our 1923 Year Book the latter part of December. In accordance with our usual custom, members in good standing in the National organization will receive complimentary copies as will public libraries and other public welfare organizations. Nonmembers engaged in the business for profit and others who wish to have copies of the book, which contains the proceedings of our last National Convention in Louisville, can obtain them upon application to the National Secretary by remitting the price of $1.00 per copy.

DECEMBER ISSUE.

The important meetings held by the Pennsylvania and Indiana Associations just previous to our going to press will be covered by interesting articles in our next month's issue.

SITUATION WANTED.

Position wanted, by a successful manager 38 years old, with ten years' experience in small loans and discount; honest and reliable. Can furnish bond and the best of references. Address Manager, Box 778, Harrisburg, Pa.

"A successful man is one who has tried, not cried; who has worked, not dodged; who has shouldered responsibility, not evaded it; who has gotten under the burden, not merely stood off, looking on, giving advice and philosophizing on the situation."—*Elbert Hubbard.*

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INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII, No. 6. DECEMBER, 1923. Price, $1.00 a year.

PENNSYLVANIA'S CONVENTION.

Pennsylvania lenders deliberately set out this year to make their annual state convention rival that of the national association, with what success they achieved there is no doubt in the minds of those who attended the eighth annual convention of the Pennsylvania Industrial Lenders Association in Philadelphia on November 21st.

The single day devoted to the sessions was crowded with business, which was transacted with the smoothness and dispatch of a railroad schedule on one of he crack trunk line systems. At every session there was a 100 per cent attendance, and the papers were short, snappy, attention-compelling and provocative of constructive discussion. Every committee charged with making arrangements for a phase of the convention's activities had functioned with so much efficiency that here was not a single hitch to mar the uccess of the convention.

The work of the entertainment committee was performed so thoroughly that a slight change was necessitated in the original program for the annual dinner n the evening. It had been planned to have dancing between the courses, but when reservations for the dinner came pouring in to the tune of four hundred diners it was necessary to postpone the dancing until after the dinner and the peech making, for the floor space of he Rose Garden of the Bellevue-Stratford hotel was just barely adequate to ccommodate the tables for the dinner uests.

To add to the interest in the convention, which the diligent efforts of E. F. Moore and the Publicity Committee of which he was chairman did much to timulate, the Executive Committee of he American Industrial Lenders Association, was in session in Philadelphia imultaneously, and the members attended he sessions of the convention.

The convention was called to order Wednesday morning promptly at 10:30 o'clock by Chairman Albert V. Hart in he south corridor auditorium of the oof. The reports of Treasurer P. B. Reeves, Secretary C. H. Watts, and E. F. Moore, Chairman of the Publicity Committee; A. S. Ezekiel, Chairman of he Entertainment Committee; and Charles G. Mueller, Chairman of the Membership Committee, were submitted nd adopted.

After announcing the appointment of Messrs. Kehr, Mitchell and Watts as a ommittee on Nominations to report on slate for officers of the Association for he ensuing year, Chairman Hart called or the regular order of the convention program. Z. P. Applegate, of the Guarantee Loan Company, of Philadelphia, read a paper on "The Advantages of a Forty-five Inch Office," explaining that by this was meant the office that did away with high partitions and closed rooms in which business with clients was transacted. Mr. Applegate's paper was a plea for the conduct of the lending business in the open, and he cited the favorable impression made on new applicants or prospective clients by an office so arranged that, while individual business with a client could be conducted without any sacrifice of a desired confidential character, there was one of the atmosphere of mystery and secretiveness that marked lending transactions of an earlier day. He believed that clients preferred the open and frank methods to the closed door methods, and characterized the latter as provocative of distrust and apprehension in the client.

Discussion of Mr. Applegate's paper was general and spirited. Arthur L. Wick, Philadelphia, spoke in support of the advocacy of open transactions, characterizing it as modern. H. P. Gatter, Philadelphia, while not pronouncing against it, raised the question as to whether customers prefer it. J. J. O'Neill, Allentown, declared for the open door as the thing in a lending office and Harry D. Holloway, Philadelphia, while asserting in a lending office that an air of too great secrecy was undesirable, said that the preservation of confidential relations must be considered and believed that a happy medium between extreme secretiveness and open transactions was to be sought.

From his experience with both the closed and open offices with the same clients, E. F. Moore, Philadelphia, declared he was convinced that clients regarded the latter as a big improvement in office methods, and said he viewed it as in line with the ideals of industrial lenders for the fullest knowledge of their business methods. He believed lenders could educate their clients to the desirability of open transactions. Mr. Hirsch, of the Jewish Charities, Philadelphia, in response to Mr. Hart's invitation for an expression, said his own organization in the plans for their new building had provided for both open and private offices for the negotiation of loans, to suit the preferences of borrowers. He believed there was no more reason for closed rooms in a lending company than in a bank.

Roy F. Hartz, Indianapolis, who was attending the sessions of the executive committee of the national body, responding to Mr. Hart's call, said he was for both the closed and open office, as preferred by the client, but believed that eventually all modern lending offices will be open. W. P. Woll, Chicago, declared unequivocally against compromise, and for the open office alone. Mr. Bates of Philadelphia, gave it as his experience that the open office was most desirable.

Following the discussion, William S. Wright, of the Atlas Loan Society, Philadelphia, read a paper on "How I Would Take An Application and Close a Loan."

Chairman Hart invited as discussion of Mr. Wright's paper the recital of experiences in making loans by those in attendance at the session. J. J. O'Neill, said that it was his experience that the wife nearly always made the preliminary arrangements when an application for a loan was to be made, leaving it for the husband to call later for the closing of the negotiations. He said that, although it was not strictly necessary, he had found it a valuable precaution to have a second witness to loan transactions. Mr. Halloway said that in such transactions he preferred to have the wife, rather than the husband sign the application. William Young Philadelphia, after questioning Mr. O'Neill as to the advantages of having two witnesses, declared himself as converted to the idea.

The morning session adjourned to luncheon in the adjoining room, at which the only speaker was Jacob Billikopf, of the Jewish Charities, Philadelphia, who was introduced by Mr. Watts. Mr. Billikopf described the work of his organization in making free loans. These loans, he said, had totalled more than $1,000,000 in a year, made at an overhead cost of $50,000 which was made up by philanthropists of the city. Borrowers in these circumstances, he said, were recipients of charity. Out of his own experience with the work of industrial lenders and their interest rates, he said that he realized the fairness and equity of their business, but he wondered whether in the future through mergers and economies it would not be possible to reduce the rate. He expressed his pleasure at the survey now being made for the Russell Sage Foundation by Dr. Louis N. Robinson, and hoped that on his findings a concerted effort will be made to inform the public in order to counteract prejudice. He believed, he said, that an intelligently directed and vigorously conducted campaign of this sort would develop the good will and understanding of the public toward the lending business.

A large percentage of applicants for loans, he declared, were deserving, but he feared that the tendency of loan institutions might be, to create chronic borrowing, unless the individual lender

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Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

was impressed with the moral responsibility upon him to obviate the necessity of borrowing, if possible. Indiscriminate borrowing, he asserted, dulls the edge of thrift, and lenders can give service in many cases by constructive counsel no less than by the granting of loans.

At the afternoon session the report of the Committee on Nominations was submitted, and on their recommendation the following officers were elected by acclamation:

Chairman, W. S. Herron, Philadelphia; vice-chairman, P. B. Reeves, Pittsburgh, secretary, C. H. Watts, Philadelphia, re-elected; treasurer, A. S. Ezekiel, Philadelphia.

Executive Committee: E. B. Webster, Philadelphia, chairman; A. V. Hart, Philadelphia; V. D. Moss, Philadelphia; C. G. Mueller, Philadelphia; P. C. Hess, Philadelphia; and the four officers of the state association.

Mr. Hart, the retiring chairman, welcomed Mr. Herron to the chair and yielded the gavel to him. The first paper of the afternoon was by H. S. Davis, of the American Loan Company, Reading, on "Selling Service."

Chairman Herron called for experiences of those present, exemplifying service rendered clients over and above the mere providing of money in loans, and Mr. Lyons responded that the most unique and satisfying service he recalled rendering was bringing a man and wife together and inducing them to reconcile their differences. Mr. O'Neill told how his company had interceded with a furniture company for a client in whom they had confidence, when the furniture house was about to foreclose on him. The hard pressed client had evidently justified their faith in him, he added. F. G. Hart, Easton, told how he had referred a woman client seeking advice as to investments to a banker, while Mr. Kehr related the case of a woman who wished to borrow on her savings account. He had called up the bank and induced them to let her have the money, thus foregoing for his company the profit that would have accrued from a loan made to her.

Mr. Moore related an interesting instance of a case involving an investigation by an agent of his company in Belgium by which a woman client had been enabled to recover a considerable sum of money she had invested. H. E. Burt, Chester, told how a woman client, who stood to lose her husband's life insurance of $1,150 through a real estate deal she did not fully understand when making it, had been advised so that she was able to avert the loss of her money. J. G. Bachofer told of advice given clients as to their rights in controversies with landlords, and Roy F. Hartz, Indianapolis, and Mr. Burt both told of the opportunities for service to clients through the affiliations of lending companies with civic organizations, such as the Kiwanis, Rotary Clubs and the like.

Chairman Herron called Mr. Reeves to the chair while he read his paper on "The Future of the Small Loan Business."

Secretary Watts led the discussion of exchange bureaus, emphasizing their importance as a coöperative agency in guarding lending concerns from the impositions and frauds of dishonest persons and in adding to the efficiency of the companies.

Mr. Gatter after sketching the functions and purposes of exchange bureaus in locating "skips" and circumventing repeaters, explained the system of the Philadelphia Exchange Bureau and read the principal clauses in the articles of association adopted by the bureau.

Mr. Bachofer told of the organization and methods of the Reading Exchange and said that it was his experience that it functioned to the distinct benefit of the lending companies represented in it. Mr. Hartz claimed for the Indianapolis Bureau that it was one of the pioneers, having been in operation for twenty-two years.

At the close of the discussion the convention by a rising vote tendered the thanks of the association to the retiring chairman, Albert V. Hart, for his faithful and efficient services as its head. The thanks of the convention were also voted to Mr. Ezekiel, chairman of the Entertainment Committee, and its members. Messrs. Moss, Darragh, Lobb and Webster.

Mr. Davis of Reading, suggested that the members of the association consider the advantages of group advertising by lenders as a way to inform the public of the operations and purposes of the small loan business.

Chairman Herron, preliminary to declaring the convention adjourned, bespoke the coöperation of all the members to make his administration in the coming year a success, stating that only by the united efforts of the whole body of members could the aims and purposes of the association be realized in full measures.

The annual banquet was held in the Rose Garden on the roof of the Bellevue-Stratford. It was scheduled for half past six, but the throng of diners was so great that the elevator service of the hotel proved inadequate to carry them all up in time, and it was not until about seven that all were seated and dinner was served. There were four hundred seated, with many ladies among the guests and the large room was crowded to the very edge of the stage at the far end where Senator's Novelty Singing Orchestra and the Madrigal Singers gave musical selections as the courses were being served.

The menu cards, which in richness of effect were in keeping with the excellence of the menu itself, bore as its frontispiece an excellent portrait of Mr. Hart, the retiring chairman, together with the entertainment programme, the names of the evening's speakers, the officers for 1923, and the personnel of the Entertainment Committee. At each plate was placed a song sheet with the words of the popular songs that the diners joined in on in the interval between eating and listening to the set programme. As a surprise offering, Mr. Ezekiel called on Tate Harrison, of Waterloo, Iowa, a member of the American Industrial Lenders' Association Executive Committee, for a song and Mr. Harrison's melody was so pleasing to his hearers that they insisted on other numbers from him. "Bill" Young also was called upon for songs and his responses convinced his hearers that his likeness to Caruso extended beyond merely physical proportions.

With the serving of coffee and cigarettes came a distribution to the diners of many colored paper headdresses and toy balloons, which latter were tossed about in the air in all directions, until the upper reaches of the room resembled a firmament of rainbow colored planets. Favors of boxes of candies were distributed to each lady guest.

Mr. Watts presided as toastmaster with the same grace of manner, wit, and happiness of remark that has characterized his many other appearances, in the same capacity. Edwin R. Cox, former State Assemblyman and father of Pennsylvania's small loan regulation law, who was to have been one of the speakers, was unable to attend, the other speakers being J. Washington Logue, Philadelphia, former Representative in Congress, and Dr. Robert Norwood, rector of St. Paul's Memorial Church, Norwood, Philadelphia.

Mr. Logue's address on "Your Business Ideals" was an eloquent plea for the application of the principles of Americanism in the conduct of business. At the outset he spoke of the new day in the small loan field, where the lender is not the typical lender of an earlier day, hard, exacting and relentless, nor the borrower the cringing applicant for the use of funds in his necessities. The change in both types, he said, was in line with the development in this business, as in others, whereby the humblest worker has a share in the achievements of the great financial institutions and the financial genius, back of whom he stands, his meagre savings combined with those of his fellows making it possible for capital to do those great constructive things that mark our day.

Speaking of the commonality of interests that exists, he said that the humblest worker because of this is interested beyond his wages in the accomplishments of that institution or concern by which he is employed. Business ideals, he declared, are as important as philosophical or theoretical formulas in government. Lenders are the medium for providing credit for those who need it and are without the means for obtaining it through ordinary banking channels, bringing hope to the despondent through their faith and confidence in the integrity of the necessitous.

He sketched the intimate acquaintance the lender gains of human misery and necessities and the sympathy and capacity for service thus developed in him. Business ideals, he declared, must permeate the transactions between all men who are fair and honest in their dealings, and the American people must be a coöperative people, ready for service. He spoke for the dignity of labor and service as a way to contentment, rather than telling a worker how miserable he is because his destiny is to work for a wage. He saw as the true Americanism and a settling influence in the post-war dislocation a realization by each man and woman of the dignity and importance of the position of each one and their possibilities of service to their fellows.

Dr. Norwood spoke on "The Challenge of Life," stressing the responsibility placed upon each person by the particular environment in which he is placed, for he quoted the philosophical definition of life as "the individual's correspondence to its environment." The challenge of life to America, he said, was the nation's complete correspondence to its own environment of Democracy, to establish which men and women had fled the restrictions and persecutions of the old world.

THE ADVANTAGES OF THE FORTY-FIVE INCH OFFICE.

Z. B. Applegate, Manager Guarantee Loan Co., Philadelphia.

By the title is meant, waist high partitions, which have replaced the familiar seven foot partitions generally used in all Industrial Loan Offices.

My judgment as to the advantages of the 45 inch office is based on what I have seen and heard, during which time I have been impressed with the following facts:

The new applicant upon entering your office is immediately impressed by the open and frank manner in which the business is conducted. In other words, being able to observe everything that is going on, whereas before entering he might have been a little skeptical as to how we do business. It is reasonable to suppose, that this applicant never having applied before, is entirely ignorant of the closed rooms in the past, therefore, making it very easy to educate said party to the open office. The impression on the client upon entering the office and seeing seven foot partitions and the inner office obscure, makes it very difficult for the manager and his associates in "Selling Small Loan Business." Compare in your mind the conditions just mentioned and the 45 inch office—nothing hidden, and nothing obscure.

On the other hand, the old applicant, or recheck, must be educated to the new surroundings having previously had his business transacted behind closed doors. However, thus far the reader has encountered no difficulty in this respect, by reason of the fact that the forty-five inch office enables a person to carry on an ordinary conversation, answering personal questions without being overheard by those waiting. Furthermore, a number of old applicants have been questioned from time to time in regard to the open office, and the concensus of opinion has been favorable. The expression of opinion has been unanimous and about as follows: The office is open, brighter and more cheerful than heretofore, and all business is being conducted in an open, frank and unconcealed manner.

To quote verbatim one person who applied for position in the office in question approximately four years ago. "Upon entering the office, I was at once unfavorably impressed with the secretive appearance, due to the partitioned or enclosed rooms, and when being told to enter one of them, the door suddenly swung open as though manipulated by some unseen hand, giving me the impression of the presence of spooks. I at once doubted as to whether or not I would be satisfied in such a place. I discovered later, that the doors were opened by an overhead rope controlled by the manager. If an applicant for a position was so impressed, an applicant for a loan would be even more so." A point strongly in favor of the open office.

A gentleman with whom we had dealings for a number of years, brought to our attention an incident at the time of the change to the forty-five inch office, which has direct bearing upon the subject in question. The incident came to light after the change from the closed to the open office was made. While their dealings had always been satisfactory behind closed doors, it developed that when the first application was made and the wife on being told to enter the closed room, hesitated, feeling very uncomfortable and ill at ease, and on the verge of refusing to participate in the negotiation of the loan. With the advantages of the open office, no such conditions would have existed.

The closer relationship between clients, also between clients and company by reason of the forty-five inch office, is an advantage in that it creates a better understanding between them and dispels the feeling of hesitancy or that tendency to refrain from borrowing. For example, two applicants were in the closing rooms at the same time, and while in conversation with applicant number one, the wife remarked, there is Mr. A. and I don't think he wants us to know he is here. It developed later, that applicant number two was thinking the same thing, and upon leaving the parties in question mutually agreed that it was no disgrace to negotiate a loan, or to be in an office where legitimate business was being transacted. Another point strongly in favor of transacting business in the open office.

The present day tendency to transact business, especially banking matters, is in the open and to the front, which is in direct keeping with the fourty-five inch office. Since the loan company has nothing to conceal and most of the business of the world is transacted on paper, it is an advantage to encourage our clients to transact their business in like manner.

There are loan companies who advertise no publicity, confidential dealings, etc. Why should these conditions exist when we favor scrutiny? Why should we prejudice our patrons against the frank and open transaction of business by such advertisements, when within no feeling of concealment is permitted to exist.

I unqualifiedly recommend the forty-five inch office—based on my experience.

HOW I TAKE AN APPLICATION AND CLOSE A LOAN.

Wm. S. Wright, Manager Atlas Loan Society, Philadelphia.

My topic for this afternoon is one with which everyone here is familiar: "How I Take An Application and Close a Loan." An application for loan is what we receive only after we have spent considerable money in some form of advertising; consequently, it is my purpose to make the loan if at all a reasonable risk and a necessitous borrower.

When the applicant calls at the office, he is invited to have a chair in one of our private offices rather than interviewed at the cashier's window. This puts the applicant at ease and has a tendency to impress him that his transaction will be treated in confidence.

In some instances the applicant is very talkative and I take advantge of this by the means it affords of obtaining important information which is recorded on the application by me, previous to his signing same; the purpose being to procure as much data as possible concerning relatives, friends and other associations of the applicant. The advantages I find in taking numerous references is that it reduces skips—people will move just the same, but having given so many references they know you will have little difficulty in locating them and consequently it will have a tendency for their giving you personal notification in the event of a change of address. The names of the children attending school, their ages, the school, the grades and teachers, all will aid in the locating of a skip in the event of the scholar being transferred to a school elswhere in the city or out of the city.

The manner in which the applicant answers my questions and the methods employed by me to procure information that he might hesitate in answering were I to ask him direct questions, enabled me to determine the character of the applicant, which is one of the essential qualifications to borrow money and in determining that the chattel will justify a complete expectation of getting the money back. It also enables me to check up the reports which I have received from my appraiser and it confirms the fact that I have interviewed the same applicant that the appraiser has.

The application is then handed to the prospective customer to read over and sign. In order to arrive at my final conclusions, I compare the application with the appraiser's report; If I then decide to close the loan, I draw my papers in the presence of the customer and properly fill in the pass book, leaving no blanks to be inserted after customer leaves the office, giving him a pass book also a rate slip. After the papers are executed by the customer I witness their signatures in their presence, place the proper amount of revenue stamps on the note (cancelling same) and then explain to the customer the dates and amounts which will be due monthly, both as to principal and interest, making sure to impress him with the importance of his installments being made promptly. It is well to specify that if payments are mailed, he should always forward his pass book; to remit by check, Post Office Money Order, Express Order and when remitting by currency to always register the letter. I then pass the money over to the borrower and ask if everything is perfectly clear and if there is anything that is not understood to not hesitate to ask questions, which will be explained further.

In dismissing the customer it is an appropriate time to inform him that if any of his friends should require a service such as ours, upon recommendation or his referring them to us we should be pleased to serve them likewise.

SELLING SERVICE.

H. S. Davis, Manager American Loan Company, Reading.

Within the memory of many of those present, when Big Business frequently assumed the "Public Be Dammed" attitude, and the word "Service" was not so generally in use as it is to-day, I very often took up a newspaper or magazine, just as you and I do to-day, to study the advertisements. Invariably the ad of some one firm would grip my attention and impress me above all the others. In trying to find out the reason for this, an analysis usually disclosed that, while the average advertisement dwelt upon "low price," superiority of *our* goods etc., the other outstanding message emphasized the "you" and "service." One intuitively felt that the one aim of this house was to please the customer and to make friends, realizing this to be the surest way to create a lasting market for their wares.

Every man should believe with all the intensity of his being that he can render some one service to the world better than any other man. Then he must deliver. He must not only believe unquestionably in his ability to do his own particular work, but this belief must express itself in *"Service."* And as this is true of the individual, so also is it true of a group of individuals or an association of such groups, such as this "State Association of Licensed Lenders." The time has come for us to be, as a certain writer said some years ago "Master-Egotists." We must stand out individually and collectively, without fear, with no thought of apology but with a firm conviction that we render one service in this world better than anyone else. And the world will accept us—you and me—if we make good, if we render that service for which we are established, honestly, conscientiously, fearlessly, considerately,—well. We have a place in the world of finance, in industry, in the field of service which no one can better fill in our community than we, the Licensed Lenders of Pennsylvania. But while we know this, does the world at large know it? I said the world will accept us if we make good. Are we as individuals doing all we should, in the way we should, to make good in that one particular which will prove to the folks in our own community that we are worthy of their confidence, their esteem, their recognition and respect; that we are a necessary part of the social and industrial structure of the community. To my mind this can best be done by *service.* While we are primarily in business for profit, we must not concentrate our whole attention on the goal and lose sight of the condition we may be in when we arrive, nor fail to take heed of those who are traveling the same road, whether as client or competitor. The farseeing loan man of to-day is the one who, in the pursuit of his business does not say farewell to kindliness, gentleness, honesty and the Golden Rule, but who uses his merchandise—money—only as the vehicle which permits him to deliver a real-helpful service to his fellowman.

The National Banks and Trust Companies of to-day, to which business we are closely related, are probably the most agressive and wide-awake in the matter of business development, and the most successful of them are those that give the most consideration and thought to better service to the public. They have long ago realized that they must merit and retain the good-will and confidence of their depositors if some other bank is not to win their business away from them. They have learned by experience that, other things being equal, the bank giving service as it is known to-day is assured of success and a large volume of business.

We also have a service to deliver if we hope to succeed permanently. Yesterday we had no competition. The field was ours exclusively, and as is frequently the case, we sometimes became careless in our methods. We simply sold money, hoping that we would be fortunate or clever enough to get it back. To-day we have keen competition, not only from our competitors in the association, but from so-called philanthropic concerns, who make loans at a lower rate of interest than we possibly can do and continue in business.

How are we to retain our business in the face of this ever-growing competition? We cannot consider reducing our present rates. Then what is the answer? It seems to me our best bet is to give the borrowing public something that our competitors are not giving them, and that is real money service. And to me this service means something more than fitting up an office where application can be made, loans closed and payments received. That is the necessary part of the service, of course, but beyond this we must be ready to extend to our customers on unselfish, friendly help in time of trial and tribulation; advise them honestly; help them out of trouble, but never permit our desire for business to get them into greater trouble—in other words, practice the good old-fashioned Golden Rule. Let the customers know that when they come to our offices they are amongst friends, that we are interested in their welfare beyond the matter of making them a loan.

If we honestly do this, we shall not only retain our business, but we will also build up a following that will help us in our educational work amongst the non-borrowing public. It is conceded that a goodly portion of our new business comes to us through the recommendation of our satisfied customers, so that from a purely selfish standpoint it is good business, and the number of referred customers we secure may well measure the confidence and good-will of our customers, and our ability to deliver the kind of service that will make our business one that we can justly feel proud of.

If the loan business is to be recognized by the public not only as legalized, but as an honorable and necessary business, and if those in it are to succeed greatly, they must have one end in view always; that of serving the small borrowing public in the best and most helpful way. And this must be a real, honest-to-goodness service, delivered to each and every individual with whom we come in contact, and not a platitude to be used in our advertisements and in after-dinner speeches. Our business—the making of small loans—will be made what you and I desire it to be—and what we make it.

THE FUTURE OF THE SMALL LOAN BUSINESS

W. S. Herron, Manager Hamilton Loan Society, Philadelphia.

The future of the small loan business is not a problem to be guessed at but an assured fact if you men so desire.

The good you can do for your fellow man—future in life is far beyond our present endeavors. Now we are looking to the preservation and perpetuation of our business and the making of profit for our firm, but that is not all there is in our business. There are more beautiful things in back of this thing we call business, and if we try and look for the background we can rest assured of the perpetuation of Industrial Lenders.

A few short years ago we all threw up our hands in horror at the thought or mention of State Supervision, and the small rate of interest permitted by law. We said we all must go out of business with such regulation, but no; the hill which looked so high in the distance was not even a stepping stone to the beautiful things beyond.

So it is to-day, there are things now facing us which are not being forced upon us, that are not only going to be the stepping stone to better things, if we grasp them when we have the opportunity, but will place our business before the public at large in an entirely different light than it now is.

Just picture for an instant your present customers bringing deposits in your office making regular monthly payments for saving and receiving a good return on their savings. Can you not see the vast volume of good you will be doing them, can you picture your office on the corner where thousands pass your door every day with your sign stating you are an Industrial Lender also saver.

We talk to our friends and say we are Industrial Bankers. Just what does that mean? Are we ashamed to say Lenders or are we merely voicing our future field? I think we are voicing our future, because if we practice what we are now preaching we will gradually drift to the higher plane and be Bankers in reality to the needy and in a greater sense than we now are, that is the financing of the public to buy their homes which we are now doing to a limited extent.

Then there is the financing of the man who has a good business ability and a good idea who wants to start a small business! You will say we are doing all of these things—but are you doing them as much as you should do, being you are Industrial Bankers?

Then there is a greater financing yet; the customer who is actually down and out; no furniture, no security, nor any tangible asset; we can say the risk is too great—I cannot see any way to safely make that loan—how can I collect what they owe us? There is a way, gentlemen, but it is up to us as bankers to find it. The banker usually finds a way to take care of his business man who needs additional capital to pull him through; even though now he owes a number of creditors;—and if he was forced to liquidate he could not do so and meet all of his creditors at par.

The same condition faces us in financing the smaller borrower. And we, as practical Bankers of the necessitous persons, as our law recites, must find the way and means of doing so. Think of the prestige it would give our companies if we could say to the public—we save your money for you and pay you a high return on it the same as any bank or trust company, and also lend you money for any legitimate purpose.

Think of the happiness we can bring to our fellow-man by helping him in his time of trouble, placing him on an equal footing with his friends and neighbors without forcing him on charity.

I believe you men read in the papers of some of the good work done by one of our fellow workers in the loan business, how they, as a charitable organization, had started a number of new arrivals in this country in business,—now they are on the road to become useful and beneficial citizens in their various communities. You say we do the same, but, gentlemen, we are not doing it as much as we should because we are looking too much to the safety of our principal and the making of money for our employers. I could name hundreds of other worthy causes to which we could lean a little and broaden the future of the loan business and at the same time create an interest in the public which would be very beneficial to our cause for perpetuation and preservation of our most wonderful business.

Sweets, gentlemen, are always appreciated more when we get a taste of the bitter—so now for a shot of vinegar!

If we ignore all the beautiful things which we have before us and continue in our same old rut making money without any thought of better things—we can feel assured of adverse criticism from nonbelievers in our organization and policies. And what shall be the outcome? First—unfair criticism—and that means all of our educational work for better understanding of our business gone for good; public sentiment against us, especially if we go advertising promiscuously having paid dividends to our organization of a hundred percent and better;—they will say if they can pay that rate to their owners they would be better off charging the poor borrower less money for interest. It will grow so rapidly that the old flame burning or now smouldering under the name of 'Loan Shark', will again be heard.

Legislators will, as you men know, be guided by public opinion and frame laws accordingly, even though they are unfair, and the consequence will be either a rate that is too low to operate or the complete elimination of the small lender as a nuisance to a community, and a menace to society,—or else back to the old game. And gentlemen, I, as a licensed lender will not stay in the game if I have to go back to the old methods of operating.

Think it over gentlemen, do you want a more beautiful business, a larger future with a real banking institution,—or do you want to go back to old times?

The future of the loan business is in your hands!

MASSACHUSETTS.

The third annual meeting of the Massachusetts Industrial Lenders Association, was held at Hotel Bellevue, Boston, at 1:00 P. M., Thursday, October 18th.

Chairman Pool of Boston presided. Twelve members attended the meeting, one from the western part of the state.

The officers and the different standing committees made their yearly reports, all of them were approved as rendered.

D. J. Wholey of Lowell, delegate to the National Convention, read a very interesting account of the doings at the National Convention.

W. E. Pool of Boston read a report of the activities of the association for the past year, then tendered his resignation as member of the Executive Committee.

It was voted to hold the meetings quarterly on the third Thursday, instead of monthly as heretofore.

During the meeting a recess was called, the Executive Committee went into session and elected the following officers for the coming year:

Chairman, Charles S. Beatty, 262 Washington, St., Boston; vice chairman, D. J. Wholey, 7 Merrimac St., Lowell; treasurer, G. A. Ingalls, 181 Tremont St. Boston; secretary, H. J. Desormaux, 96 William St., New Bedford. The above officers and the following comprise the Executive Committee:

F. McConville, 453 Washington St., Boston; W. J. Baldwin, 262 Washington St., Boston; Benjamin Parker, 27 School St., Boston.

The retiring chairman, Mr. Pool, was given a vote of thanks for his untiring efforts and valued services to both our association and the National Organization. H. J. Desormaux, *Secretary.*

RHODE ISLAND.

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Providence Biltmore Hotel, Thursday, November 1st at 7:15 P. M.

The meeting was called to order by Chairman Wood, and those present were Edward J. Littlefield, Deputy Commissioner, Warren L. Offer of the Banking Commissioners Office, C. H. Watts of Philadelphia, A. L. Wick of Philadelphia; W. G. Wood of the Household Loan Company Providence, J. H. Wickstrom of the Peoples Finance Service Company Providence, J. Moran of the Mutual Finance Service Company Providence, G. E. Rich of the Mutual Loan Association, Pawtucket, J. R. Smith of the Blackstone Loan Company, Pawtucket, H. T. Chase of the Peoples Loan Company, Providence, H. G. Neal of the L. E. Chester Company, Providence, F. N. Kennon of the Peoples Finance Service Company, Pawtucket, F. A. Pomfret of the National Loan Company, Pawtucket, J. S. Lester of the Economy Loan & Investment Company, Providence and Mr. J. S. Dwight of Dwight & Company, Providence.

The secretary reports eleven members in good standing.

Four new members were elected at this meeting and were given a hearty welcome by those present.

On motion made by Mr. Pomfret, Mr. H. G. Neal was elected Treasurer and was authorized to open a bank account in which the funds of the association be placed. Members were advised to make checks payable to the Attorney General or the Bank Commissioner when applying for license.

On motion of Mr. Watts, seconded by Mr. Chase, a committee of two men were appointed to employ an attorney to draft papers which will meet the approval of all members.

Mr. Chase is to furnish the various forms from the different offices so that an opinion can be given on what would be considered satisfactory papers to meet the approval of the Banking Department.

Mr. Littlefield Deputy Commissioner assured the members that it was his desire to help in every way to bring about cordial relations between the Department and Lenders, and stated while he knew few mistakes would be made at first, if the Lenders showed good intent and are desirous of upholding the law to the best of their ability, he felt sure that no friction would occur to the extent of his having to forcibly use his influence.

Mr. Watts thanked the officials of the Banking Department for their willingness to coöperate with the Lenders and is positive that they are our friends and that the members could go to them for counsel at any time.

The Lenders, he assured, would not only live up to the spirit of the Law, but would be mentally prepared to circumvent any causes or influences that have a tendency to evade or disregard the Act to regulate the business.

The perfect harmony between the Lenders and Banking Commissioners that manifested itself throughout the meeting was an indication that everyone would work together for the common weal and welfare of the Small Loan Business.

A rising vote of thanks was given to Edward J. Littlefield, Deputy Commissioner and Warren L. Offer of the Banking Commissioners Office.

Mr. C. H. Watts of Philadelphia mentioned that the Pennsylvania Association will hold its yearly meeting November 21st and would tender an invitation to any member that could attend.

No definite date was set for the next meeting as it was decided to hold same depending on the celerity of the various committees. J. H. WICKSTROM, *Sec.*

MARYLAND.

A business meeting of the Maryland Industrial Lenders Association was held in the Board Room of the Merchants and Manufacturers Association Building, No. 22 Light Street, Baltimore, Maryland, on Tuesday evening, November 13, at 7:30 P. M.

Among those present were: Messrs. C. A. Gardner, United Finance & Security Corporation, W. J. Delcher, Jr., W. C. Bookman, H. C. Moore, Peoples Finance Service Company, C. R. Hathaway, Household Finance Service Company, J. E. Turner, Leroy Busch, Community Finance Service Company, E. E. Hougham, Howard Hood, Coöperative Loan and Investment Company, H. H. Larsen and A. L. Wick, of Philadelphia, Pa.

Chairman Gardner gave an interesting report covering the "Open Form Letter" recently published by one of our local newspapers. Mr. Gardner said he had a personal talk with the author in which our business was thoroughly explained, comparison being made with other business, clothing, installment furniture, drugs, candy, etc. The writer of this letter happens to be in the clothing business, and Mr. Gardner called his attention to the enormous profit made by the clothing people, explaining to him the only material difference in our business was that the borrower knew exactly just what the loan would cost him but he did not know as to what the actual profit was on candy, clothing, drugs and other necessities. The profit on the latter articles in a good many cases is far in excess of a small loan.

This gentleman being of a socialistic frame of mind, would not admit that he was impressed with the fairness of American business.

After receiving Mr. Gardner's thorough report on this subject, we decided this gentleman has had sufficient education to let the matter rest.

The matter of incorporating the Maryland Association was voted on and unanimously carried.

The secretary was requested to write Mr. Geo. W. Kehr, National Secretary, inviting the A. I. L. A. to hold their next convention in Baltimore, Md., as the guest of the Maryland Association.

Baltimore is a very old historical city, a city having an ideal location for a convention. We have many places of interest, beautiful parks, art galleries, beautiful churches, an ideal harbor, wonderful excursion trips can be taken daily, during the Summer and Fall months, down the Bay. Hotel accommodations that cannot be surpassed. "BALTIMORE IS THE PLACE FOR THE NEXT CONVENTION."

Upon motion of Mr. Wick seconded by Mr. Hougham, the next monthly meeting to be held in January, to be in the form of a midday luncheon, followed by an open forum meeting, Carried. Advance notice of this Luncheon will be sent in due time for each member to be present.

The remainder of the evening was devoted to ways and means of collecting delinquent accounts. The outside men talked on the advantages of salary assignments, their experience in filing assignments, their success in collecting accounts in this manner in preference to replevin of the household furniture. A salary assignment never works hardship on the home, while a replevin works hardship on the client's family. It is pleasing to know few assignments are filed. Most people in borrowing money use it in the home, pay taxes, insurance and for other worthy purposes. In borrowing money for a good cause, it is in most cases paid back as rapidly as possible. H. C. MOORE, *Secretary.*

SMALL LOAN BUSINES IS LITTLE UNDERSTOOD SAYS C. H. STRATTON.

(Kokomo Dispatch)

After speaking favorably of the community spirit of Kokomo, C. H. Stratton, of Sullivan, former president of the national organization of industrial lenders spoke as follows at the banquet of the Indiana Industrial Lenders Association at the Coutland hotel yesterday noon:

"I am going to make the statement that the small loan business is as little understood by the public as any other business conducted in these United States. If I were to ask you men, who are our visitors to-day, how much you know about the small loan business no doubt your reply would be very little. If I were to tell you that in this good town of Kokomo outside of your banks and manufacturing plants there is probably more money invested in the small loan business than in any other kind of business, you would hardly believe me but I dare say this statement is true. This is a condition that not alone prevails in Kokomo but in every other section of Indiana and other states where the Uniform Law is in force, which proves the demand for the service and which will be met with fair and just laws.

"The loaning of money is more or less of a confidential business. When you go into a bank to borrow money, every live one borrows at times, there are no exceptions, you step up to the cashier's window. make your wants known in a tone of voice that will not attract attention or be heard by bystanders. You are a little particular that the general public does not know about your personal financial affairs. This same condition exists more or less in the small loan business. Now if one buys a new automobile the family at once appears in it and the public is given notice of the fact that the automobile dealer has sold a car. When a woman buys a new hat or coat she is at once seen upon the street with it which is notice to the world that a merchant has sold some merchandise. When a family fits up a new home with new furnishings the friends and neighbors are invited to a house warming which gives notice to them that the house furnishing concern has sold some merchandise. But when a man borrows money he does it quietly and the public seldom knows about it.

"The small loan business has in reality been a business only ten years in Indiana. In the spring of 1913 the Indiana legislature passed a bill regulating to some extent and legalizing the business. Before that date the business was not recognized as a business and while there were thousands of small loans made it could not really be called a business because of the fact that it was not recognized in law. The act of 1913 legalized the business and was a step in the right direction. This law remained upon the statute books for four years or until 1917 when along came Mr. Ham representing the Russell Sage Foundation of New York City with a bill which they called the Uniform Small Loan Bill. The Russell Sage Foundation is an organization endowed by the Sage millions. It is not an organization for profit but one to ferret out the needs of the public along various lines and to endeavor to bring about reforms which in their opinion are good for the general public. After years of research coupled with experience they drafted this new bill with the idea of leaving no loopholes in it whereby the provisions of the bill would have a double meaning and allow the intention of the law to be ignored. Recognizing the great need of the public for the small loan business, the Sage Foundation endeavored to prepare a bill that when it became a law it would be fair to both borrower and lender. It was their purpose of making the cost to the borrower just as small as the money could be loaned by the lender and give a fair return to the lender on the capital invested. While they were trying to give his service to the borrower at a minimum cost still they recognized the fact that in order to attract capital in sufficient quantities to meet these demands the lender must have enough income to pay dividends. It was not the purpose of the Sage Foundation to drive the lenders out of business but to encourage legitimate service to the public to meet a legitimate demand at the minimum cost to the borrower. When Mr. Ham came to Indiana during the session of the legislature to present his bill, some three or four of us loan men—I happened to be one of them—went over it with him, in detail examining same from every possible angle trying to anticipate how it would work if passed and it took quite a lot of argument to convince us that the bill if passed would not put us out of business.

"Well, to make a long story short the bill was passed and became effective by the proclamation of the governor, I think in May, 1917. Indiana was the first state in the Union to pass this bill. Since that time fifteen or twenty other progressive states have passed this bill or one practically the same and have it now in force. In every state as well as in Indiana where this Uniform Law has been enacted the results have been most remarkable. The unscrupulous and irresponsible lenders have disappeared and we have in their stead to-day something like one hundred and twenty-two licensed and well-organized responsible companies all bonded and under the supervision of the state banking department. Our books are open to the department at any and all times and the very closest coöperation between the loan companies and the department is maintained. We have a State Loan Association to which most of the licensees of this state belong and each member of this association pledges to use every honorable means to induce all persons or companies engaged in the lending of money on salary or chattel security to observe the rate, terms and methods as fixed by state statutes and to protect all deserving people against the payment of interest higher than that provided by law. Our membership consists of men of the very highest type and character to be found in the state, in any trade or profession, barring none.

"Any business that is giving honest service to the people is entitled to a fair return on invested capital. That our business is hazardous no one will dispute. We loan money constantly on insufficient security and in many cases where there is practically no security except a man's word.

"To more than 70 per cent of the families there comes a time when a small loan will be of inestimable value to them. It tides them over in emergencies of sickness, unexpected expense, unemployment, when financial assistance is keenly needed and in most cases at once.

"The overhead and losses in connection with making small loans is tremendous. All loan companies make loans quite often in which the overhead in connection with the loan is more than the interest charge can ever be. We know it when the loan is made but we are giving a special service and feel duty-bound to take care of this obligation. For example a man wants $15.00 for thirty days. There is no expense fee that we can charge, only the interest. The interest on $15.00 for thirty days is fifty-three cents (53c). In order to make this loan it is necessary for us to examine this man's personal property which requires a visit to his home or place of business. Then a mortgage must be written up and signed. Then we give him the money and the transaction is recorded on our books and when it is paid off it is carried through again. All of these transactions take the time of a clerk who is paid a good salary because we must have capable and responsible help in our offices. The larger loans and for longer periods of time evens this up somewhat and allows us to make these smaller loans at a loss, which we do, in order to give the service which the law intends.

"Realizing the fact that the general public know very little about our business the State Association has now under way a publicity campaign, the object of which is to give the public a better understanding of the small loan business and to acquaint them with our purposes and desires. The association members want to give honest, conscientious money service to the small borrowers in Indiana. We want to give this service at a cost to the borrower so that he may profitably use our money. At the same time our charges must be sufficient to pay operating costs and leave a fair profit. This, any legitimate business is entitled to and no more. Right is right and must in the end prevail.

"We believe in strict regulation under state supervision for the reason that supervision will not hurt any honest concern and one that is dishonest should be found out and thrown into the discard.

"I had the privilege and distinguished honor of serving for two years as National President of the American Industrial Lenders Association and therefore feel that I am in a position to speak the sentiments of those men representing the small loan business over the United States wherever legalizing laws have been enacted and I want you to know that it is their desire to conduct their business along lines that will bear the closest scrutiny and investigation. It is their desire to take their place in the business life of the nation and to make it possible for every worthy, deserving person to borrow small sums of money within their own resources and on a basis that is fair both to lender and to borrower. I certainly appreciate this opportunity of being your guest to-day and to enjoy the hospitality of your wonderful city and in behalf of both the State and National Associations, I thank you."

PHILADELPHIA, PA.

Nov. 23, 1923.

Dear Mr. Watts:

Let me place myself on record in regard to the state conference of the Pennsylvania Industrial Lenders Association, and incidently pay my respects to those who were directly responsible for the working out of the details of the day.

The papers read, in every case, were not only instructive to the commercial lenders, but I found them of great value and applicable to the work of this office. The men who contributed by the writing of the various theses, showed uncommon good sense and thorough knowledge of the business. But, above all, I feel that the greatest compliment that could be paid your profession, was the constant search for new avenues of service which you, as a body, wish to render the public you serve. It is quite evident that the Lenders want to be more than mere changers of money, and that they want to dignify their profession by giving more than cold cash on ample security, and that the question of dollars and cents, if not secondary, at least is not the all important work you want to render.

I do not know what the trend is among lenders in other states, but surely in Pennsylvania, a higher development of the business along ideal lines may be anticipated. Many thanks indeed, for the opportunity afforded me and for the courtesy shown throughout the day.

Sincerely yours,

Wm. Hirsch,
Managing Director,
The Federated Loan Association.

EVERYDAY CREDIT.

Looking over recent statements of the extent to which credit figures in our everyday life, we might conclude that Americans have changed the late divine Williams's sentence to: "Either a borrower or a lender be." The man who is never in debt is almost unknown. The mortgage, once the excuse for the stage villain, all teeth, cuffs, cigarets and spats, is as common now as the front door, and as useful and unconcealed. Most persons buy motor cars on credit. The butcher and baker, the merchant and club, the gas and the electric light company, they are our creditors 365 days a year, except leap years.

In large affairs, credit is more extensive than in small. Give a statistical sharp enough low-down information and pencils, and he could probably prove that, the wealthier a man becomes, the larger grow his financial obligations. That "bourgeois fear of owing money," to which the person who ought to pay his debts blithely refers, is as strange now to the poor man as to the rich. The tenant and the landlord meet there on common ground. They merely owe to different creditors.

Because everybody wants credit constantly, the machinery for supplying it is available everywhere. The instalment plan, which we once considered the last refuge of the poor is often, nowadays, the first thought of the well-to-do. The most reputable industries have utilized it. The credit unions are spreading everywhere. Massachusetts has a hundred of them, there is another hundred in New York, and even conservative North Carolina possesses thirty-three. At the urge of the Russell Sage Foundation, eighteen states have passed a uniform law, limiting to three and a half per cent the monthly interest on small loans. A rough estimate is that 95 per cent of American business is on a credit basis, and about 90 per cent of that is transacted by check.

In short, credit is about the cheapest thing in the United States to-day. It has been called often the lubricant of business. It is both a lubricant and a fuel.—*The Boston Herald, Nov. 16, 1923.*

BALTIMORE CAPTURES 1924 CONVENTION

After considering numerous invitations, the National Executive Committee unanimously decided at its meeting in Philadelphia last month, to hold the next National Convention in Baltimore, Maryland, September 24th, 25th, 26th, 27th, with the Belvidere Hotel as the probable headquarters. For a long time Baltimore has desired to entertain the National Convention, because Maryland was among the first states to become organized and see the proper regulation of the small loan business. In Howard Bryant, Esq., Maryland has had a staunch supporter of the Uniform Small Loan Law not only in his own state but in other states where the law has been advocated. He has addressed National Conventions on a number of occasions and each time has impressed his hearers with his earnestness in his desire to see a realization of the ideals for which our State and National Associations stand.

Baltimore in itself is an attractive city with beautiful suburbs and parks. It has good railway and hotel facilities, is situated on the Chesapeake Bay, which affords an opportunity for delightful boat rides. It is the home of many important industries and institutions, and is only about an hour's ride from the National Capital.

Public officials, including the governor down, have testified publicly that they believe in the men and objects which are back of our State and National organizations.

HOW TO EDUCATE YOUR CUSTOMERS TO PAY PROMPTLY.

By Homer O. Stone, *Crawfordsville, Indiana.*

The subject: "How to Educate Your Customers to Pay Promptly," as having been assigned me by our President, Mr. Davies, is as old as the Loan Business and as yet, unsolved to a great degree of success. Why this subject was given me I cannot say as we have our share of delinquents and past due customers just the same as the rest of you. I have no unique plan or method whereby we can get a customer to pay more promptly other than those being used in all other loan offices to-day.

Getting back to our assignment, "How to Educate Your Customers to Pay Promptly," I am going to deviate from the subject and begin with the making of the loan.

The one thing you should look for in loaning money to any man is CHARACTER. This has been said many times and cannot be said too often. But Character is not everything. The finest and best meaning in the World may be lacking in business sense. Before a loan can be made thoroughly sound, one must feel that the borrower's business record and present assets are such that they justify a complete expectation of getting the money back with interest.

In making a loan, three things are required, viz.: See that the applicant has plenty of unincumbered security, (plenty means at least three and one-half times the amount of the loan). Second: Investigate thoroughly the man's earning power together with his willingness to pay.

Most any man should be able to do these two things as the Court Records stand open to all who take time to investigate them, together with the information one can get from the borrower's employer. But how to educate your customer to pay promptly is another question more difficult than the rest and begins with the making of the loan and continues throughout the life of each individual account.

At the time of making of loan, we come to an understanding with the borrower just how the account is to be paid and no detail is left out; prompt payments can only be expected from a customer who thoroughly understands the loan he has taken out. How same is to be paid, date of payment, amount due, etc. Some men may say on a $100.00 loan, "20x$5.00 interest, $3.50 per month, sign here; here is your money less recording fee; good-day." That customer leaves your office wondering just what you have said to him and is in constant worry until payment time comes, then he sends or brings $5.00 payment, thinking that is what is epected of him. This man brings just the amount he understood you to say, 20 x$5.00.

One should explain that the payment is so and so on principal, besides the interest, and we find it a good idea to tell all customers just what their next payment will be and the date due.

Before the customer leaves we impress on their minds that payments are due on certain dates and that the Company expects and demands that they be made just as they are drawn up in the mortgage, explaining to them that we, as Managers and Assistants, have no power to change a given set of rules.

At all times show an interest in your Customers, counsel with them in matters they may inquire about that they will not dread to enter your office at paying time. "A customer who regards the Loan man as his friend will pay promptly."

We never ask customers if they desire to pay on their principal or how much, thereby leaving the impression that they can pay as they desire, but put payment down as listed, stating your payment will be so and so to-day. The customers admire a man who is friendly yet firm.

In the event of sickness or death, we permit our customers to cut the size of payment at their request, thereby gaining their good will, but informing them that the missed payments will be expected before maturity of account.

We also explain to the borrower that prompt payments will give the Company confidence in them and insure another loan in the future or increase on present account. A little praise now and then of a customer who warrants same is a very good idea, and you will be surprised how he will try and meet his payments on date due or before.

Some loan men may say we refuse payments unless payments are made as listed. I say, take what they have, providing they have a reasonable excuse. In demanding something that they haven't, you either lose their good will or cause them to go elsewhere and borrow, either paying you off or getting deeper in debt. So, if a customer is assured of a cold reception, when he enters your office, unless he has the exact amount of payment due, do not blame him for failing to come on payment date.

We also hear loan men say we have no slow accounts or delinquent customers, neither do we have any trouble in getting our customers to pay promptly. Just mark the reason down as this: That man is too conservative in picking his customers, thereby losing many good prospects or he lives in a Loan Man's Utopia.

When our customers fail to call on payment date, we give a reasonable length of time, then call by phone if possible; if no phone is available, we write. This failing to bring them in, we call in person and continue to do so, until the average customer's pride begins to hurt; they will then call or send payments more promptly.

We never threaten our customers to get them to pay until a last resort, if then they are such that we do not care to carry longer and only desire to shift. "A good customer will pay on or before date due, keeping in mind the fact that any man who meets his obligations before he has to is doing some very valuable self advertising."

In conclusion would say that the one thing that will cause our customers to pay more promptly is: Never make a man a larger loan than he is able to take care of, make the loan in accordance with his earning power, considering the amount of money left after living expenses have been deducted. If we will be more careful in not overloading our customers and investigate character more thoroughly, our payments will come in more promptly.

This paper was discussed by L. L. Bishop and O. J. Parker. The one good point brought out was to be prompt in rendering service to the customer.

GEORGIA LENDERS ASSOCIATION TO HOLD BANQUET.

The Georgia Association is making great preparation for their banquet to be held at the Ansley Hotel, Atlanta, Georgia, Friday evening, January 11, 1924.

Mr. C. G. Mueller, National Chairman, and three of the highest State Officials of Georgia will be present and address this assembly. We will have as guests several other eminent Georgians.

A six-piece orchestra, and the finest quartet in the South will entertain, while we will keep time eating the finest southern chicken dinner to be had—you know—one of those chicken dinners the South is noted for. After this we will adjourn to the dance hall—dance and make merry until the wee hours of the morning.

The Georgia Association extends a general invitation to all you, Association members, who sojourn in Florida and the South to escape the wintry blasts. Surely some of you can arrange to spend an evening with the Georgia members. We promise you a good time, and you will also have the pleasure of meeting several distinguished Georgians.

TIME—Friday, January 11, 1924.
PLACE—Ansley Hotel, Atlanta, Ga.

F. B. Snyder, *Sec'y. & Treas.*
A. B. Madison, *Chairman,*
Georgia Industrial Lenders Association.

NOT LIABLE.

Recently we had an inquiry from one of our members asking whether or not persons or institutions making loans on chattel mortgages were liable to a Federal tax as a broker. After consulting the Chairman of our Law Committee we are advised that persons and institutions loaning their own money on chattel mortgages or any other kind of mortgage are not liable to be taxed as brokers under the Federal Act of 1921, and that if any member is asked to pay a brokers' tax they should decline to do so and consult their own local attorneys who can find plenty of decisions in which rulings have been made making all persons and institutions of this kind free of any liability with respect to the brokers' tax.

Mr. George W. Kehr, Secretary, Harrisburg, Pa.

Dear Sir:

I am very grateful to you for the literature on the small loan business which you so kindly sent to me. I am desirous of obtaining a better understanding of this type of business so that I can discuss it with my classes in banking and the information in your literature will be of great value to me in this connection.

Very truly yours,
Montfort Jones,
Instructor in Finance.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII, No. 7. JANUARY, 1924. Price, $1.00 a year.

1923 YEAR BOOK OUT.

Since the distribution of the 1923 Year Books which occurred before the holidays, many favorable comments have been received from persons and institutions that have received them. One in an editorial position cannot help but be convinced that this publication is of immense value and contributes much to the literature which is available touching the field of industrial finance. According to our custom, all members of the A. I. L. A. in good standing were sent complimentary copies of the book as were public libraries, colleges and universities, editors and public welfare organizations.

With practically no advertising, orders have been received from others who are desirous of having this publication and to date many copies have been sent out at the nominal charge of $1.00 per copy.

The book contains the proceedings of our Ninth Annual Convention held at Louisville, September 19 to 22, 1923, a directory of all the members of the A. I. L. A. with their local addresses, a small loan bibliography, the latest revised draft of the Uniform Small Loan Law and a digest of the small loan laws. While the surplus copies last, they will be sent out to anyone on receipt of the price, $1.00 per copy.

ONE OF MANY YEAR BOOK ORDERS RECEVED.

Legal Loan Co., Marion, Indiana.
December 21, 1923.

Dear Mr. Kehr: Kindly forward (and bill us) at Marion, Indiana, ten (10) additional copies of the December, 1923, 'Year Book of American Industrial Lenders Association."

It seems to us that this is the most ineresting and complete year book that has been published by the Association.

Yours very truly,
Legal Loan Company,
by: H. E. Arnett.

LOAN SHARK PROBE LAUNCHED IN WEST TO BE NATION-WIDE.

Kansas City, Mo., Dec. 1—(A. P.) The filing of a $100,000 damage suit in Federal District Court here by John N. Rhodes, a Kansas City (Kan.) switchman, gainst seven men who, Rhodes alleges, onspired to extort usurious interest rom him, launched a nation-wide legal ttack on alleged "loan sharks," according to Anthony P. Nugent, attorney for the plaintiff.

Nugent, also is counsel for 200 other ailroad employes, who allege they have been victimized by loan companies. He asserted that injunction and damage suits would be filed in various Federal courts throughout the United States in an effort to reach "the man higher up."

Rhodes' petition askes $50,000 actual and $50,000 punitive damages for alleged loss of health attributable to worry induced by a conspiracy of loan companies, whom he charged with forcing him to pay usurious interest by threatening to cause him to lose his job.

MORE POWER SAYS NATIONAL CHAIRMAN MUELLER.

Anthony P. Nugent, Esq.,
Kansas City, Mo.
305 Flanders Building Phila., Pa.
December 24, 1923.

Dear Sir: It is with great interest that I have read of your reported intention to fight the evil of usurious lending, not only in Missouri but wherever it exists in the nation. As the head of a national organization which for years has been engaged in the same effort to eliminate this evil I wish to express my hearty support of your movement and to assure you of whatever coöperation it may be in the power of our Association to render you.

The cruelty and injustice of usurious lending, which has existed and always will exist wherever the business is not regulated by the state, are all the greater because they are exerted against a class whose necessities make them easy victims of oppression. Your efforts in their behalf are just as truly a championing of oppressed humanity as any I can conceive of, and deserve the sympathetic approval of every right thinking man and woman in the nation.

The business of industrial lending is a necessary one, and, properly conducted, is a humane and useful activity, but extortion and avarice characterize it wherever the state has proved so callous or indifferent to the claims of necessitous borrowers as to fail to protect them by adequate laws from oppressive exactions. These exactions will inevitably obtain in communities where lending is unlicensed and unregulated, leaving to unscrupulous lenders freedom to impose whatever conditions and interest rates on loans their own greed dictates and the necessities, fear or ignorance of their victims will allow.

The American Industrial Lenders Association, with other sociological and civic organizations, (but particularly the Russell Sage Foundation, New York), has long studied the problem of abolishing this world-old evil, and is convinced that experience has demonstrated that the only solution lies in the adoption by the several states of scientific and modern legislation, requiring the licensing and regulating the lending business. Some scores of states have adopted such legislation, and in every instance it has been found effective in doing away with an evil that for years economists, sociologists and humanitarians had almost despaired of abolishing.

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UNIVERSITY OF ILLINOIS

I wish you all success in your laudable fight on a system which is uneconomic, anti-social and iniquitous and I hope that it will direct your thought to a demonstrably practical and efficacious remedy which should be of nation-wide application. As Chairman of the Association, I shall be glad of any opportunity to aid you in your fight by supplying you with any information at the command of the Association. Literature and data on the subject is at your disposal upon addressing the National Secretary, Mr. George W. Kehr, 204 Chestnut Street, Harrisburg, Penna.

Very truly yours,
Charles G. Mueller,
National Chairman.

WINS $1,000 PRIZE FOR USURY THESIS.

Harvard Man Gets Hart Schaffner & Marx Award.

Franklin Winton Ryan, a graduate of the Harvard business school and now instructor in student reports at the institution, has been awarded the first prize of $1,000 in the annual Hart Schaffner & Marx competition which is open to all Americans without restriction.

His subject was "The Economics of Usury and Usury Laws," and it was his expert knowledge of this branch of financial legislation which won for him the Jesse Isidor Straus prize scholarship of $500 during his course in Harvard.

In his thesis on usury he scores the present laws in force in most states governing excessive interest charges as insufficient to prevent abuses by "loan-sharks." He says the laws define legal usury and allow offenders to escape though guilty of moral usury. He suggests a uniform small loan law, which will allow the natural laws of finance to set the market rate of interest and at the same time protect the small borrower. He adds that when such a law is passed the old inefficient laws should be removed from the statute books.

This is the fifth time a Harvard man has been successful in winning a prize in class A. Mr. Ryan has had particularly thorough training in the topic which he selected for his thesis. After three years

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

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of undergraduate college work at Fort Worth University, he entered Baker University from which he received his A. B. degree in 1910. After his graduation he served as assistant instructor of political economy in the University of Chicago, and then accepted the office of instructor of economics at Boston University. During this latter work he attended the Harvard business school. He graduated with a degree of M. B. A. with distinction in 1921, standing among the first 10 in a class of 134. He was then also awarded the May prize for the best graduation thesis.—*The Boston Herald,* Dec. 22, 1923.

TRUTH IN ADVERTISING.

C. C. Hanks, of the Buckeye Furniture Company, never uses the phrase "Easy Payments" in his advertisements.

It's this way, explains Hanks, I once overheard a disturbance over on Canton Street, and asked a colored lady what the trouble was.

"Taint no trouble, mistah, it's jest one of 'em furniture 'stalment men collectin' his easy payments."—*T. A. C. Ticks* (Toledo).

A. I. L. A. NOT REQUIRED TO FILE INCOME RETURN.

Treasury Department Internal Revenue Service, Philadelphia, Pa.

December 14, 1923.

American Industrial Lenders Association,
305 Flanders Building,
Philadelphia, Pa.

Gentlemen: A communication has been received from the Commissioner of Internal Revenue, Washington, D. C., relative to your taxable status under the provisions of Section 231 of the Revenue Act of 1921.

A copy of the Department's letter is enclosed, and you will note therefrom that the Commissioner has ruled that the purposes and activities of your organization are such as to bring it within the provisions of Section 231 (7) of the Revenue Act of 1921.

It is asked that you note the contents of the enclosure and be guided accordingly.

Respectfully,
Blakely D. McCaughn, *Collector.*
Per: J. A. W.

Washington, D. C.,
December 7, 1923.

Collector of Internal Revenue,
Philadelphia, Pennsylvania.

Reference is made to your letter dated November 21, 1923, bearing Symbols IT: JAW, relative to the taxable status of the American Industrial Lenders Association, 305 Flanders Building, Philadelphia, Pennsylvania, under the provisions of Section 231 of the Revenue Act of 1921.

An examination of the evidence discloses that the organization was formed for the purposes of improving the small loan business, securing and enforcing uniform legislation relative thereto, and acting as a bureau of information among its members; that its income, excepting incidentals, is derived from dues paid by members; and that none of its income inures to the benefit of any private individual.

In view of the foregoing, it is held that the purposes and activities of the organization are such as to bring it within the provisions of Section 231(7) of the Revenue Act of 1921.

You are requested to make the proper notation on the records of your office and to notify the association that it will not be required to file returns of income.

The exemption herein referred to does not apply to taxes levied under other titles or provisions of the Revenue Act of 1921, except in so far as the exemption is granted expressly under those provisions to corporations enumerated in Section 231 of the Act.

This ruling also applies under the Revenue Act of 1918.

By direction of the Commissioner.

(Signed) J. G. Bright,
Deputy Commissioner.

NOW MY IDEA IS THIS!

Daily Talks with Thinking Philadelphians on Subjects They Know Best.

WILLIAM HIRSCH

On Why Persons Fail in Business Endeavors.

The chief cause of persons failing in their business endeavors is maladjustment more than any other single reason, according to William Hirsch, managing director of the Federated Loan Society, an organization formed by a number of wealthy men of Philadelphia for the purpose of helping unfortunate persons to help themselves.

"In considering the matter of business failures," said Mr. Hirsch, "I have in mind not only the small or, for that matter, the larger business man who is unable to meet his financial obligations, but also the working people, employed persons, widows, and very often the professional men as well.

Readjustment Often Needed.

"The great majority of the persons who need assistance in their business affairs are those who have got into difficulties because of maladjustment. Virtually all of these persons have a fitness for some particular line of work, whether it be for themselves or as workers for others; but, unfortunately, they go into the thing which seems to them easiest to do. This naturally does not bring the results which every person of industry may reasonably hope for.

"The first consequence is a lack of sympathy with the work with which th are attempting to do and a resulting inability to adjust themselves to that particular line of work for which they are best fitted.

"On the other hand, we often get the type of man who is located in the right business for the exercise of his best talents, but whose lack of business routine, as we might call it, brings him to the point where an accumulation of ordinary business difficulties so confuses him that he loses not only his confidence in himself and in his ability to make good but also his courage to continue in the face of adverse circumstances.

Not Only the Little Fellows.

"This does not always mean the little penny-candy storekeeper or the two-cent groceryman. I have in mind, for example, a yarn merchant who applied to us for assistance. His rating in both Dun and Bradstreet was from $5,000 to $10,-

000 and his accumulated bills for merchandise were approximately $7,000, all past due.

"This man actually felt that a loan of $300 to pay a few of the most pressing items would pull him through.

"Acting upon our principle to help persons to help themselves, we made an analysis of his business, and this indicated that the man had $3,000 worth of unsalable goods not yet unpacked and $4,000 worth more the market price of which had seriously declined. The thing that had never occurred to him was that he was overstocked and immediately ought to return the $3,000 worth of unsalable merchandise and that his creditors would be glad to extend his payments so that he could settle with them on a basis of 25 per cent of the bills every ninety days, covering each of the creditors in each payment.

"Here was a case where a loan would not have helped the man; on the other hand, it would have been merely an additional rope by which eventually he would have hanged himself in a business sense.

A Place for Every One.

"Now every one whose sole task is to help others to help themselves quickly finds out that there is a nook or a corner for every maladjusted individual or even for what the Hebrew terms the 'schlemiel,' or the semi-fool who never does anything right. This is one great satisfaction in the work—that of finding the right place for the person who hitherto has been in the wrong one.

"The unfortunate thing about most of the persons who come to us asking for help is that they are so close to their own troubles that they are unable to get a proper perspective. They know that something must be done and that usually immediately if they are to be saved from the financial rocks, but they rarely have an idea of just what the trouble is or how to seek the proper remedy.

"It is manifestly foolish, as in the case which I have cited, of making a small loan to a person who within a very short space of time will again be in the same fix with the loan which was made to him added to his troubles. But that is the remedy for which most of them apply.

Where Outsiders Help.

"On the other hand, the outsider who comes into the matter with the purpose of giving the most beneficial and lasting assistance gets not only the immediate trouble of the unfortunate person but gets his background as well. This is invaluable in seeking remedies which will prove to be permanent. Temporary aid, like treating results and paying no attention to the cause, will leave the person in a worse plight than before within a very short time.

"Nine-tenths of the persons in business difficulties who come to us have troubles originating from causes totally unsuspected by the persons themselves. Thus, for example, a man's domestic troubles may be at the bottom of his business failure or his ability to hold a job, and in many cases even the origin of these domestic difficulties may be entirely unsuspected by him.

The Lack of Capital.

"Then again we have the exceedingly capable individual who is handicapped by a small salary and thus kept constantly working for some one else when he might far better be in business for himself. Very often it is the lack of the first $100 that prevents a man from finding himself.

"There have been many instances where the sum required for the necessary start has been a good bit less than $100. Take, for example, the first man to whom a loan of $25 was ever made by our institution. This small sum was entirely invested in material for men's shirts. The wife cut and made the garments and the man went out and sold them as fast as they were made.

"This was almost exactly three years ago. That man today has a retail store in which he carries a stock of about $4,000 and has credit up to $5,000 more. But without this little start he would probably be working today for some one else at a small salary.

The Case of the Immigrant.

"Many an immigrant who in these peculiar times comes to the United States virtually a pauper, with no trade or profession, but with a European business training, is immediately placed upon his feet with a self-help loan of from $200 to $300, which he almost always pays up within the course of a year and does not have to have repeated thereafter.

"When I say 'European business training' I refer to the fact that in Europe, and especially in the more northern countries, business is done on more of a cash basis than here when dealing with the smaller merchants. The immigrant knows this and applies his knowledge. The European manufacturer selling to the small merchants will sacrifice part of the profits in order to avoid losses incurred through extensions of credit.

"The immigrant with this training therefore pays cash for what merchandise he gets. In that way a candy manufacturer in Russia, whose force of workers never ran fewer than 200 hands, manufactures Russian candy in Philadelphia with the help of two workers and supplies about 200 small retail shops on a cash basis with weekly deliveries.

Business Inability.

"Of course, there is a certain proportion of cases of sheer business inability, and very frequently this lack of business initiative or adaptability accounts for failure. The readjustment of such cases is always more difficult than almost any other because of the necessity of weaning the individual away from the thought of being 'his own boss' and bringing him to a realization of the fact that his strong point in life is to be a useful worker for some one else. Yet this must be done and this point of view accepted if this individual is to receive permanent assistance. But often it is a very hard task to make him see what actually is best for himself.

"There is nothing of charity in this work. The individual pays as he goes, and he pays for what he gets, but the price is not so high as it is when the man is forced either to borrow from friends, which places the borrower under a perpetual obligation, or from some unscrupulous law-evading lender from whose clutches the borrower never escapes."—Reprinted from the *Public Ledger*, November 14, 1923.

INDIANA.

The semi-annual meeting of Indiana Industrial Lenders Association, was held in Kokomo, Ind., November 21, 1923.

The meeting was called to order by the president, Fred Davies, at 10:15 o'clock. Roll call, the following members being present: Commonwealth Loan Co. of Anderson, Brazil, Elwood, Ft. Wayne, Indianapolis, Richmond, Terre Haute, Capital Loan Co. of Frankfort, Franklin, Indianapolis, Shelbyville, Legal Loan Co. of Connersville, Ft. Wayne, Frankfort, Kokomo 2, Lafayette, Logansport, Marion, Peru, Indiana Finance Co., Elkhart, Beneficial Loan Society, Ft. Wayne, Indiana Loan Co., Ft. Wayne, National Loan Co. of Ft. Wayne, Terre Haute, Provident Loan Association, Hammond, Michigan City, South Bend, Elkhart, Beneficial Loan Society, Indiana Colateral Loan Co., Indianapolis Finance Co., Household Finance Co., Sterling Loan Co. of Indianapolis, Howard Loan Co., Kokomo, State Loan Co. of Laporte and South Bend, Green Co. Loan Co., Linton, Central Loan Co., Logansport, Clupper Loan Co., Marion Loan Co., Marion, New Castle Loan Co. of New Castle, Thompson Loan Co. of Shelbyville and Seymour, American Security Co., Shelbyville, Fidelity Loan Co., Sullivan Beneficial Loan Co., Terre Haute, Indiana Loan Co., Terre Haute, First Security Co., Union City, Knox Co. Real Estate & Loan Co. Vincennes, Jacob E. Clark, Washington, Ind., and the convention was attended by the President and Secretary of the Illinois Association—Mr. F. E. Tyson, President and Mr. L. T. Baker, Secretary, of Chicago.

Communication from the National Chairman expressing his regrets that he would be unable to attend on account of the National executive meeting on the same day was received.

Impressions of the National Convention at Louisville, by H. H. Burrell, South Bend, Ind.

The National convention at Louisville was not the largest convention we have ever held. Possibly this was because of geographical location. However, it certainly was one of the best as measured in terms of speeches and papers—and after all, these are the standards by which most conventions are measured. Indiana was represented by something like 24 members. Again considering geographical location, this does not speak so well for Indiana.

The convention was held in the auditorium of the Seelbach Hotel. The first day was given over to registration of members. Something like 112 members were registered. This number plus about 60 guests made up the convention. Sixteen states were represented.

The real business of the convention opened Wednesday with the invocation by Rev. Dr. E. L. Powell, of the First Christian Church of Louisville. The address of welcome was made by Mayor Quinn. To have heard what these prominent men said about us, and to us, was worth the cost of the trip to Louisville, regardless of the distance you may have had to travel. For once in our business lives we were painted white and immaculate and incidentally complimented on the good we have done and the good we may still continue to do in our business. Encouraging words of this kind simply shows the advancement the business has made in the last seven years. The addresses by these two prominent men would have done credit to a convention of Federated Churches, they were so sincere. No man in the Industrial loan business today can afford to miss a treat of this kind. But you must go to our conventions—both State and National—in order to hear men of this calibre.

After the speeches by the above named men, and the response by Chairman Rutherford, the reports from all the committees except that of Law, Publicity and Finance were read. Whether reading of these dry statistics of the different committees at every convention is made compulsory by the constitution, or by-laws, or what not, I do not know. No doubt they are very important, yet they are the least interesting of anything on the program. And the fact that they are eventually printed in the Year Book and perhaps the Lenders News, the time required for their reading might, it seems to me, be more profitably taken up with speeches by men of prominence picked from the community in which the convention is being held. Words of praise or blame, and a boost or a knock, from men of note is sometimes good medicine and may do us more real good in the long run than the reading of the dry reports from so many different committees, which, as stated before, will be given us later on in the Year Book or Lenders News.

Quite often a prominent man looking at us and at our business with a disinterested and unbiased eye will make a suggestion or offer some good advice or criticism that by its acceptance and adoption may prove to be worth its weight in gold. While advice, as a rule, is usually worth just about what it costs, constructive criticism and suggestions, when made by men of experience, are always in order and very often worth many times what it cost to get them. This we may observe today in every community where business men are calling in expert accountants to make a survey of their business in order to determine whether this or that is being done right.

To those who were not present I want to say they missed a big treat in not hearing the paper on "Small Loan Advertising" by Will Pente, of Chicago. This man is an expert in his line. Perhaps the best we have ever had at our conventions. You will no doubt get his message in the Year Book, and possibly the Lenders News, but you will not get his philosophical digressions and the discussion that went along with his paper. Discussions, which are the offspring of most papers and speeches, are seldom put in print. You must go to the conventions to get them.

Our old friend George Farrington, of Indianapolis, was also there with a very able discussion of "Educational Publicity." George illustrated his talk with copies of the Indiana Publicity ads conspicuously placed on a blackboard where all could see them. And I want to say here for the benefit of those in Indiana who cannot see the value of such advertising, that Mr. Pente praised very highly the quality and construction of these ads, and fully endorsed the motive of this campaign of education here in Indiana. As usual Mr. Farrington was very thorough and practical, and showed a wonderful knowledge of his subject. It is to be regretted that some of our Indiana members were not on hand to hear what Mr. Farrington had to say. There are a few members of the Indiana Association who apparently have not the vision to see, and who evidently do not care to acquire the vision to see, the future value of spending money in educating the public, no only as to *what* we are now doing, but as to *who* we are today as compared to what the public thought we were a few years ago. The public at large is likely to be a long time in learning that we have been in a business way, born again, unless we tell them. And I know of no better method of educating them, than with these Publicity ads, and no better medium by which we can spread the light than by the daily press. This question of educational publicity is the all important and vital question before every state Association today. And one of the best ways to have this subject properly presented to you is to hear such men as Pente and Farrington. And to hear them you must go to the conventions.

The other papers and speeches were very interesting and educational. I simply refer to Pente and Farrington in particular because each spoke on a subject extremely vital to the welfare of every state Association in this country. The solution of this question of moulding the proper kind of public opinion means more business for everyone—and I guess that's what most of you are always kicking for.

The complimentary luncheon given by the convention on Wednesday in the Rathskeller of the Seelbach Hotel was very entertaining and instructive. Speeches were made by Matt J. Holt, formerly attorney for the Legal Aid Society of Louisville; Judge Baldwin, of Chicago, who was formerly of the Department of Trade and Commerce of the State of Illinois, and Louis N. Robinson, of the Russell Sage Foundation. The main speaker of the day, however, was Louis N. Robinson. However, each man had a message that everyone in the Industrial loan business should have heard. In addition to the fine speeches and the sumptuous lunch, the sight of that old Rathskeller would have done your soul good. It would have done more—it would have made your mouth water. The quaint decorations on the walls, pillars, and ceiling were very apppropriate for a place of this kind. Prior to the Volstead Act, it was no doubt one of the real show places of Louisville. And even to-day, in your fancy and imagination, it is easy to personify the old place as a lonely human exile waiting in vain for the repeal of the 18th Amendment when he can return to his old Bachanalian orgies of the days gone by.

This same day we were treated in the afternoon to a two-hours' motor ride over the city and through its wonderful natural parks. Most cities of this country, as you know, have some very beautiful man-made parks, but it seems that only Louisville has the real God-made variety.

The regular convention banquet was held in the Rathskeller Thursday evening. The souvenirs were small booklets artistically printed in colors and containing a few of the old southern melodies—especially those that reflect and breathe the spirit of old Kentucky. Speeches were made at this banquet by Dr. McVey, president of the University of Kentucky, by Dr. E. E. Eubank, of the Department of Social Science in the University of Cincinnati, and again by Louis N. Robinson, of the Russell Sage Foundation. The banquet was a delightful and informal affair. Music by an orchestra, and some cabaret singers, and a liberal sprinkling of beautiful women handsomely gowned, gave it a charming and picturesque setting in this particular room.

This convention at Louisville was given the best newspaper publicity that we have so far had. The proceedings of each day were given attractive space and setting in both evening and morning papers.

In this paper you have no doubt noticed by this time that I have strongly stressed the fact that you should go to these conventions—whether they be State or National. These meetings are not like a fraternal organization. To be able to say you are a member and that you keep your dues paid is not sufficient. You must go and mingle if you expect to advance in the business in which you are engaged, whether as owner or as a salaried man. So much of real value is said and done in a convention that never gets into a year book or newspaper, and unless you are right on the spot to garner the golden thoughts and ideas as they fall, you will find that you are losing much of the power that drives your business forward.

SELLING LOAN SERVICE.

By George L. Clupper, *Marion, Ind.*

The sale of any article cannot be accomplished without the salesman understanding how to find the market for his goods. Time and energy is wasted trying to convince a buyer that the article he has to sell is of benefit to him, when the buyer has no use whatever for the article that is being sold. If any salesman sells his goods to people that have no use for them, he has not only damaged the customer, but he has also damaged his business, for no influence is greater for future business than satisfied customers.

To sell money, we must first understand who needs money. Most everyone borrows money, but not all people borrow money at 3½% per month. So the ones that we are interested in, are the ones who are without bank credit, and this includes the majority of the population in most cities. Before we can sell money at 3½%, we must make the customer understand that we are giving to them a real service, and are not trying to charge them more than we deserve. From the fact that the large majority of the population do not secure money from the bank, it gives us a large field from which to secure our business. Some companies are under the impression that the people are compelled to borrow money, but this is not true. The thing for a successful loan man to do, is to create a market for their money and give to the people such service as to make them want to use their money.

When a customer comes to us to secure a loan, we are interested to learn why he has applied to our office instead of some other company, and we find that a majority of our business comes from someone recommending our company who has had dealings with us. I believe that a business rightfully conducted and your name kept before the public in a proper and clean manner is the greatest asset that a company can have. The forms of advertising and wording of advertising has a large part to do with the securing of new business. We might think that the public does not analyze our advertising, but they do. For instance, some people will advertise, "An old established business," some will advertise "honest loan methods," and various forms are used to lead the people to believe that they are superior to other companies. Many times the character of the people connected with the business is shown in the wording of their advertisement. I do not believe that anyone who is in need of money would care very much the length of time that we have been in business, and I am sure when a company brags about its honest methods, the public would be suspicious. Every advertisement that is carried, whether newspaper, circular letters, billboards, or any other form shows the type and character of the people who own the business. To my mind, personality and quality of the business is shown more in the character of advertising than in any other manner.

Another factor that is essential to the selling of money, is the impression that the borrower receives of a business the first time that he calls at the office. A neat and clean office is very important to the loan business. Courteous and cordial greetings are great business builders. The first impression that the customer receives is the lasting impression, and all you might do to erase the first impression from a man or woman's mind is wasted effort.

We have in the world to-day, as we have probably had in the past, the artificial man and woman in business. It has been said that a fool is born every minute, but in a city the size of Marion, if you are not careful, you would run out of fools. In other words, a successful loan man is the type of man who is sincere in his desire to give to the public honest loan service, and he does not have to advertise that he is honest, because the public does this for him. The man who is in the loan business and that has no other desire in the conducting of that business, only for the purpose of making money for himself, will not prosper or get as much from the business as the man who has first in mind, public service. A few years ago, I applied to a gentleman for a job to sell coal. The first question he asked me was, how many people do you know, and I explained to him that I knew several. Then he asked how many people know you, which was a very uncertain number. To secure business it is very essential and a very cheap way of securing business by being acquainted with a large number of people. We have always made it a practice to never miss an opportunity of showing our willingness to help and keep in touch with the people who are prospective customers. Each individual that is connected with our company feels that it is their duty to use their influence and personality to secure new business, and practically all of the new business that comes into our office ask for some certain individual connected with it. It has been said that it is not good business to have men prominently known who are connected with the business, but we feel that this has been a great asset to us. The securing of business, means one continuous effort to please, and nothing to my mind is more essential than to have an up-to-date office, and to have that office open and not hidden.

Nothing impresses the public so favorably as to be waited on quickly and correctly. Nothing will cause people to lose faith in a company quicker than to have an error made in the handling of their account, and especially if the error is made in favor of the company.

A few days ago a man and wife came in the office to make a payment on their account. They had the kiddies with them; as they were being waited on, I stepped outside and talked to the children, a thing I always do when possible. When I went back to my desk, the lady asked her husband who was that man, and he said that was Mr. Clupper himself. They appreciated that little courtesy, didn't they? The children will remember. That's future business. Selling money is not so much the individual nor the company as a whole, but it is the everlasting courtesy of every blooming soul, that wins.

Mr. Fred Circle discussed this paper and brought out the point and effect of mistreatment in handling customers. Mr. F. L. Thompson said service means the performance of a duty.

A motion was made by C. H. Stratton, seconded by Mr. Arnett, that all members refrain from advertising that will cast a reflection on other companies. Motion carried.

DOES IT PAY TO BE TOO EFFICIENT IN COLLECTIONS?

By C. E. Durnell, *Sterling Loan Co., Indianapolis, Ind.*

I know that a great many of you will not agree with me on some of my remarks and possibly I am wrong, but difference of opinion is necessary and by getting each others' views and experiences we can experiment and find out which is best for us. I believe I could write a better paper if my subject was "Does it pay to be too inefficient on collections?" Efficient means producing results, and producing results on collections in our business these days is most necessary owing to our reduced rate and higher operating expense.

I am a firm believer that one's customers in this business or any other credit business as a whole, are about what one makes them. In other words, it's an education. One can educate them to be prompt pay or slow pay as the case may be. This education must really start at the time application is taken to be effective. Usually terms and rates are asked at that time. Here is the opportune time to lay stress on that payments must be made promptly when due, etc., and again when the loan is being closed. Needless for me to explain to you men in detail as to what to tell them, for you all know that and each of us have a different way and wording of doing it, but no doubt producing about the same results. I believe in sending out notices the next day after payment or account is due on all of them, no matter who they are or how good they may apparently be. I have no pets or favorites. If I do not hear from them in three days from date of notice, I send another marked "second notice," repeating again on third day with "third notice" marked on it and usually some other notation. If the third notice brings no results, I then send a pretty warm letter and refer them to remarks made at the time loan was made which alludes to their agreement and contract. In doing this and getting results depends entirely on your remarks and the stress you put on them at the time of taking application, making the loan, etc. If this does not bring results, 'phone is then used if the customer can be reached by 'phone and if not it is time to send a representative out to see them. The procedure from then on depends entirely on the circumstances. Up to this point same tactics are used each and every month if account is not paid when due. If this is followed closely in most cases, the customer will become trained to pay promptly when due instead of waiting several days afterwards, or when convenient, for he will know that notice will be coming promptly. Kindly bear in mind it is necessary to explain to them when they come in after sending notices, letters, etc., why it is necessary and important, etc. There are plenty of explanations and reasons which you all know. My experience has taught me if this or some similar procedure is not followed, your customers will gradually grow slow and slower from month to month, or from one account to another, and sooner or later become so slow and indifferent that you will not care to handle his account at all, or possibly lay down entirely, in either case losing a possible good customer and possibly the account also. Of course, there are exceptions to this, but I am talking about accounts in general or as a whole. I'll admit that now and then one will lose a customer by sending out notices promptly and insisting on prompt payments, but not very often.

I detest slow accounts, especially those one has to chase, and likewise promisers. I would rather have an absolute deadbeat, one that refuses to pay and tells you so. You can then charge off the account and forget it, and sleep nights.

For your information, my office, which was opened on May 1, 1923, has run as follows on interest collections, and principal collections have been 100 per cent. May there was no interest collections. This is figuring 3½% or 3.50 as 100% taking your bills receivable from the last day of the previous month. June 3.41%, plus; July 3.61%, plus; August 3.46%, plus; October 3.50%, plus, which is an average of 3.49%, plus. Along with this I will state that loans for this six months averaged $112.69 each. Some of you who do not send out notices promptly and keep after them or crowd collections as some would term it, may average as well as the above figures, but I doubt if any better. Kindly understand I do not use or believe in any rough, harsh or bluff tactics on this kind of accounts I have been talking about and seldom on any other kind.

I am a believer of kind, courteous treatment and believe in most cases it will win out if reasoning power and tact is administered along with it in proper proportions.

By the way, I consider tact the greatest asset a Loan Man or Manager can have. If I was hiring a man and had two to choose from, and one had experience without tact, and the other had tact without experience, I would hire the one without experience. He would get by and get the experience, but the other fellow never would. Tact is like music, one is born with it.

Now as to hard accounts where suit, foreclosure, replevin, etc., is necessary. There are so many different angles to these and so much depends on the circumstances of each individual case that I am not going into that. However I do not believe in starting any kind of action unless one has a fair chance to win, but if you do start, go ahead with it to a finish.

Don't forget that full and complete applications are very essential, especially in the larger cities.

I consider good applications as essential as notes and mortgages. They make better customers and better collections, for the customer knows you have the information on him and it will be a hard matter for him to keep his whereabouts unknown, and he is less liable to attempt to skip or avoid payment.

Discussions followed and Mr. Hurry expressed his belief that leniency should be followed and was strongly supported by the convention.

The convention adjourned to the Hotel for Luncheon. The Luncheon was attended by several of the city officials. Talks were made by J. E. Frederick, President of the Indiana Chamber of Commerce on "Coöperation." His talk was very able and interesting; he especially emphasized the fact that all kinds of loans were made some for necessitious purposes and others for luxuries, but who should decide which are necessary and which are luxurious, loans could not be criticized when made for things not necessary as all are entitled to somethings that might be termed luxurious.

Hon. Fred H. Jessup, City Attorney, gave an address showing his knowledge of the necessity of this business, which was very ably given.

Mr. C. H. Stratton delivered a response to the address of welcome which appeared in our November issue.

The chairman conducted a valuable discussion regarding the transferring of accounts in which he emphasized the fact that specific information should be sent with the account, showing address, telephone number, where working, relatives, etc., and that remittances should be made promptly at all times.

OUR ATTITUDE TOWARD THE BORROWER.

By L. T. Baker—Chicago.

These state meetings and National Convention surely are bright spots in the present day loan business. It is, indeed, difficult to understand why every man in the business is not a member of both organizations and it is also difficult to understand why every man who is a member, does not attend every meeting.

By being at this meeting, I am satisfying a long felt desire. For some time I have wanted to attend a real, genuine manager's meeting and knew I would have to come to Indiana to find such a meeting.

You know, you Indiana fellows have a reputation among the various State Lenders Associations and you set a hard pace for the rest of us. You have a reputation for really doing things and all your efforts seem coördinated team work.

You are very fortunate, however, in your line up of personnel, having among your members men who are national figures in the Industrial Loan Business; men of wealth and influence whose first interest is Indiana and men who are energetically alive to the progressive tendencies of your business.

In contrast to the situation in Illinois, you are also fortunate, in respect to the even geographical distribution of members and a corresponding distribution of the volume of business done throughout the state.

Several years ago, we thought it would be a good plan in Illinois, to hold at least one meeting each year down state, so we picked out the next largest town to Chicago, which is Peoria, but much to our surprise we found the ratio of attendance as between Chicago members and down state members about the same as it had been at our Chicago meetings. We have been unable, therefore, to successfully hold meetings in Illinois other than in Chicago.

The advantages you enjoy, of course help, but without hearty coöperation and a general unselfish spirit among your members, you could not accomplish what you do.

When your genial, all round, good fellow member, Broughman, asked me to be with you at this meeting, I told him I would rather not be on the program but he insisted.

There are not many of us Chicago men who have much to say. We have learned how "not to talk." When there is anything to be said, we let friend Napier say it and had he been here today, as we hoped he would be, to speak to you, you would have understood why. So I am here in reality, just as an interested observer.

I will, however, at least *suggest* a subject that has much to do with the professed ambition of nearly every one of us now in the Industrial Loan Business, which is, to create a favorable opinion in the mind of the public.

That part of the public we are most interested in is first, the borrowing class; second, the business man or employer and third, the legislator. Each of these three classes must, of course, be treated and dealt with in different ways and each is a separate subject. As this is a manager's meeting, we will refer to the borrower only.

Now, Mr. Manager, what is your attitude toward your borrower?

That question has always been of much interest to me and carries a deep significance. I should like to get an individual answer to it from each of you and suggest that every manager make a personal analysis of his attitude, (that is state of mind) toward his borrower. Upon reflection you will find, I think that in spite of the importance of the subject, there is not a great deal that can be said about it. Its chief utility is in its daily application by you managers and therein lies its greatest value.

When I ask, "what is your attitude toward your borrower", I do not mean, what attitude do you assume or pretend, but what is your innermost or natural attitude, toward an application for a loan? Are you aware of any sense of superiority because he wants to borrow your money? Do you throw up a wall of cold formality between you and your customer? Do you look upon him with suspicion or doubt? Do you feel at liberty to treat him with any less consideration than if he were buying a home or an automobile from you?

I do not believe the training of any man here would cause him to do these things, but the question is, do you do them?

The man who is financially independent to-day is a no better man socially or morally, because of his financial independence, than he was ten years ago, when perhaps, he had no bank account at all. Most men of wealth to-day, were poor at one time and all of you have seen borrowers grow financially beyond the need of your further help.

As an illustration of borrowers being helped over the hill and onto the road toward success by the many opportunity loans which are made by licensed lenders, I will cite two cases within my own experience. Several years ago our office made a widow a loan to complete the purchase price of a rooming house near the Chicago University where she expected to accomodate the students. About a year after the expiration of the loan she came to me with one thousand dollars she had saved, offering to invest it in my business and further stated that she could probably add to the investment about five hundred dollars every six months. She was advised, however, to purchase real estate mortgages. In the other case, several different loans were made to a man and his wife who made candies at their home and were sold through drug store agencies. This fellow developed to be quite a genius and was one of the principal factors in the famous Eskimo Pie enterprise from which he profited handsomely, proven by the fact that about ten days ago he called at my office offering to sell his seven passenger Lincoln Sedan as he is going to Denver to open a chain of candy stores.

So we who lend are just man-to-man to him who borrows and we cannot justly deal with him in any other than an informal, warm, friendly manner.

And why should any of us look upon an applicant with suspicion or doubt? How can his best qualities be brought out or discovered by such an attitude? If your investigator goes out to discover something bad about an applicant, he is very apt to find it, but why not send him out to discover the good, for surely if there is no good, it must all be bad. The bad seems to just creep in anyway and if more good was looked for, more loans would be made by us all. If the truth were known many good loans are turned down because the manager or outside man lets a little bad spot eclipse all of the good qualities of an applicant.

Now if you were in the real estate business you would look upon each prospective buyer with an eye of appreciation and would show him every consideration. But you are in the loan business and does not the applicant for a loan bear the same relation to you as would a buyer if you were selling real estate? Exactly—and he is entitled to the same respect.

You are not favoring a man by making him a loan any more than he is favoring you by giving you his business. The favor idea on the part of the loan man and the humiliation idea on the part of the borrower seem to be deeply rooted but both are entirely fallacious.

The logical way to get your mind in the right frame toward the applicant is to realize that he is in many respects your equal and may score above you on other points; to bear in mind that the great majority of borrowers live respectable, orderly lives, maintain the best homes they can afford and raise their families properly and are generally good American citizens. Hold this attitude toward him so that he may have an opportunity to prove that he is entitled to the credit for which he is asking.

No advantage should be taken of his temporary financial condition and I have found that you can put an applicant at ease by assuming the proper attitude toward him. Ones private finances is a delicate subject and an applicant for a personal loan is usually quick to sense the spirit behind your methods.

To try to act one way, when you feel another way in a matter; is like treating the effect of an illness rather than the cause, we must create within ourselves the correct attitude which in turn will cause us to receive our applicant cordially, deal with him patiently; by our manner and by what we say we will let him know that his making a loan from us is a regular business deal and need not be attached with any humiliation, embarrassment or obligation (other than contractual).

If you get the right slant or viewpoint on the borrowers situation, you will help *your* business and the loan business in general by creating a first good impression upon each potential customer, when he applies to you for a loan, and this impression will be passed on to others and that is advertising and advertising is education.

Mr. Elmer Johnson, from the State Bank examiner's office told the convention what splendid coöperation the State Department was receiving from the Association in law enforcement.

The Indiana Publicity Campaign was recapitulated by Mr. R. C. Clark. Letters were read from members from the various parts of the country, New Jersey, Pennsylvania, Virginia, commending the Indiana Association on the position they had taken regarding publicity. A motion was made by the Chairman of this committee, Mr. R. C. Aufderheide seconded by Mr. F. L. Thompson that the convention appropriate one thousand dollars to carry on the publicity campaign for another six months, motion carried unanimously. Cities over the state pledged better efforts to use these adds in the future.

Some very humorous experiences were given by F. J. Schurmann and M. S. Kent of Indianapolis.

Mr. F. E. Tyson, President of the Illinois State Association complimented the Association on the wonderful way in which the convention was conducted.

Discussions regarding the use of automobiles, that they were economical and the service rendered by the automobile could not be supplemented by any other means of transportation.

Mr. A. C. Broughman showed many evidences that the Public was more liberal and sentiment was more favorable to the loan business than ever before.

Mr. Arnett offered a standard mortgage for use in Indiana and offered to supply them at cost.

Mr. F. L. Thompson explained how much and in what manner a wife was responsible for a loan and how to safeguard yourself against loss by having the wife sign the note which would make her responsible in case of death of husband or if she owned property in her name.

No further business, the meeting adjourned at 4:45.

P. S. The American Association's executive committee at a meeting held in Philadelphia on Tuesday, November 20th, authorized the employment of a regular publicity man for a period of six months, to syndicate articles for publication in various newspapers over the country.

The next National convention will be held at Baltimore, Maryland.

PENNSYLVANIA BANQUET SPEECHES.

MR. C. H. WATTS: (Toastmaster)

To those who are our guests this evening, we extend a most cordial welcome. We are happy that you are here with us, and are hoping you will come again next year.

To those who are members of this association, and who have attended the business sessions of to-day, it is needless for me to welcome you. You have been thrice welcome this day. We have one more year added to our list, one more star in our crown, one more testimonial as to the efficiency with which we are conducting our necessary business, as typified by the presence of the representative of the State who is here with us to-night on this platform. We have truly learned again this year that has just passed that we are indeed wards of the state and that we are conducting this necessary business in a dignified way, in a way that is proper, in a way that is fair to both borrower and lender.

Again I say, we welcome you here once again, once again to dine with us, once again to hold festival with us. We hope you have had a good time and will come again. You will notice that I have here on my left the past and present Chairman, both Irishmen, and both fighters, I understand, so don't pull anything. (Laughter.) But we are all happy to be here, each and every one, and we are happy that you have entered into the spirit of the occasion. I have been searching and looking about to see if there were any long-faced persons in the room to-night, but have been unable to find even one. And we are happy.

Our first speaker, not the first as listed on the program, but our first speaker in the rearranged program—for this is always flexible, always changing, revolution is always here, our first speaker this evening is a citizen of Philadelphia. That is the highest possible tribute I can pay to this man, who has served the City, the State and the Nation.

He comes to us with the greeting of fellowship, the greeting of understanding, the greeting of good will and the wish that we may go on and serve. It gives me great pleasure to present to you the Honorable J. Washington Logue, who will speak to us on "Business Ideals."

HON. J. WASHINGTON LOGUE:

My friends, I was in doubt as to why I was invited to come here this evening, especially when there was some explanation given to me as to the make-up of your organization and as to the purpose of the convention in which you are engaged. When I was told the title of the organization, I decided it must have been the promptings of sympathy or a feeling of fraternity that inspired the invitation, and that it was with a kindly sympathetic feeling that you dug up the industrial borrower, (Laughter) and thought you would entertain him for a few moments.

Mr. Watts has stated to you that I possess one of the greatest privileges given to man, one of the proudest boasts—that of being a native-born citizen of the City of Philadelphia and State of Pennsylvania. I appreciate that, but the chairman to-night, in calling attention to the fact that both past and present chairmen were beside him on the platform, stated that they were both of them Irishmen. I want to add, that in addition to the privilege of being a native-born citizen of the City of Philadelphia and State of Pennsylvania, I also have the proud privilege of being the son of an Irish immigrant. (Applause.)

You folks are engaged in a great enterprise. It is the opportunity of helping, aiding and assisting your fellowmen, and, at the same time, being engaged in a work which brings to you a fair interest on your labor and investment, for every person has the right to get a proper return for his services.

The mere fact of lending money is no longer associated in our minds with the ugly picture usually drawn of the money lender or unkind words heaped on the one who puts out money for the use of those who have been unable to acquire it from any of the larger financial institutions, and the borrower is no longer looked upon as a cringing individual who comes in seeking aid, because the great financial institutions of our country could not exist or pay money in the way of interest on deposits, and couldn't safeguard the money deposited with them, were it not for the borrower who presents himself at the banks and makes it possible for them to earn money in the way of interest.

When you stop to consider, and it is a point that appeals to me very often,—how keenly interested we all should be in our financial institutions, and then look beyond those financial institutions and see the humble borrower or the humble depositor. Where would the great enterprises of our country be were it not for the financial institutions that are able to take up securities, advance money on them, and permit the enterprises to expand? How frequently have we found praise given to the great financial genius that is able, in times of stress and distress, to hand out the millions that are necessary for the preservation of an enterpise and the keeping up of our industries. But did you ever look beyond that? Did you ever see who makes that possible?

Let me illustrate, because your institution appeals to me very strongly: who permits the financial genius to accomplish all these results? Why, the humble man and the humble woman who stop, say, at Seventh and Walnut Street of a night, or at Tenth and Walnut Streets, or perhaps the Beneficial Saving Fund, and put away their five dollars a week, or their ten dollars a month, as the case may be, and enables the financial genius, as he is termed, to gather together the millions that are necessary, and he procures those millions because of their enterprise and hard work.

The servant girl who takes her money down and deposites it is keenly interested in the great enterprises of our country, for her money goes out into the bonds of railroads, and cities are permitted to expand because her money is helping to build up industries, railroads, public utilities, and every enterprise that needs great sums of money. All these look back to the humble, almost despised, small depositor.

And that leads us to a second thought, and what is that? It is the commonality of interest that all people should have in this great republic of ours, where all great enterprises are undertaken by the individual, and where there is very little government ownership (and many hope there will be less government control), so that the man who works on the railroad track and takes his earnings and puts them away in a financial institution is interested, even beyond the procuring of his wages at the end of the month or semi-monthly period, for he is one of financiers whose money has helped to make possible the flotation of bonds that the enterprise might be carried on successfully.

In this land of ours, where every person can be equal, and where the inheritable right of one born under the American skies and according to American principles is that everyone stands by equal right with everyone else in a common enterprise for the extension of ideals, whether they be governmental, whether they be social, or whether they be business, and business ideals are just as important in maintaining the spirit of our great republic as are theological or philosophical ideals as regards what is the duty of American citizenship. Honesty in your transactions with other people, fair play, the thought that for what you give you will get a proper return, and from what you invest you will get a proper return.

What is the secret of trade and commerce? It is the giving up of something that I do not want and somebody else does want. I sell my home because I am tired of it or because I want to get a better one; I want it no longer, and along comes somebody else and buys it because it is just the ideal of what they want. The merchant sells the goods on his shelves because he wants them no longer, and the retail merchant comes along and buys those goods which he is unable to manufacture himself. All business life is based upon the interchange and the exchange from people, one to the other, of those commodities which are of interest no longer to one and that somebody else desires to possess. Many men and women, starting life in humble surroundings, and in humble circumstances, and not looked upon as the possessor of great wealth, are still found to be the possessors of that which is more important, and that is character and the belief in their honesty, and they are known to be quick to recognize a moral obligation and a moral duty.

I recall something that happened several years ago when I was helping to start a financial institution of this city (the name I will not mention), which has been very successful. I remember attending the board meetings, and one day, after having attended these meetings for three or four months, I said to the president: "Tell me, what does all this mean. We sit here in a board meeting, and John Jones brings in a statement and he says his stock on hand is so much, and his money in bank is so much, and he does so much business, and his expenses are so much, and you grant him a loan. We know nothing at all about it. We don't know what his machinery is worth, we don't know what his stock is worth, and we have no means of verifying this man's word." His reply to me was: "It is the secret of credit." "What is it?" I asked. He said: "The secret of credit is the secret of Americanism, it is the secret of success and prosperity, and it is the secret of peace—the trust and belief we have in a man. I care not what a man is worth, if he be the president of a national bank even, unless that man meets his obligations when due, he is no good, because he is not living up to his promise, he is not fulfilling his undertaking. Let him comply with his promise, let him live up to his word, and he is putting himself in position to come in to us the following week for double the amount he got before."

It is faith in people, it is the credit of people, and what a great work you are doing, engaged in the business you are, bringing the ray of hope to the one who despairs of meeting his present need. You are helping to upbuild. You have faith in men, you believe in men, and you are willing to advance your money on the faith of a promise to pay, to take a man's word that he will comply with his obligation. There are those poor unfortunates who seem to have nothing but distress and misery as their lots, and they come to you for help for the sick wife, for the crippled child, or perhaps they are temporarily out of employment, and you give them that aid which is so necessary, and you extend that aid to them by reason of the faith you have in the one applying to you. Business ideals!

Business ideals permit of transactions between men who are fair and honest. Business trickery can never reach the point of business ideals. Ideals are those things on a higher plane which one seeks to reach, even if one cannot acquire those things that are pleasing to him.

We here in this great republic of ours must be a coöperative people, and must, at all times, be ready for service,—service in no matter what the position is that we occupy in this world. All people are servants, from the highest to the lowest, and the higher the position the man occupies the greater is his obligation; there must be service and coöperation.

Oh, I wish at times that someone would sing a song or hymn to the daily toiler that would put into him a little bit of spirit and self-pride, instead of constantly undertaking to tell him how miserable he is. Oh, if men could be made to realize that in all work and labor there is dignity. What executive of a great city can have a city that stands in a position to be admired by others unless every official connected with that administration working under him is performing his full duty. Who could give praise to the great Pennsylvania Railroad without praise is given as well to the begrimed engineer who steps from the engine after the run and who has carried in safety five hundred or more people, or to the man hidden away in the tower in Broad Street Station, unknown to the public, who with his dispatching orders sends out into the night train after train filled with people. Why go ahead and belittle the private in any enterprise and give praise only to the general? What general ever won a battle without the soldier at his back to carry out his orders? From whence would have come General Pershing's success were it not for the boys in khaki who crossed the broad Atlantic, who left their humble homes and consecrated their lives to carrying out the orders of the chief? (Applause.)

The post office, one of the most important departments in this city of Philadelphia, could not be successfully run were it not for the letter carrier, who goes out into the snow and sleet of winter and the heat of summer and performs his duty. Instill into men, and all men, and I wish that general term to embrace both male and female, the dignity of the particular position they occupy. Where would our moral code be, and where would our young men and women be, if they were dependent only upon theological instruction and didn't have the hard-working mother to instill into their minds what good morals and good behavior mean.

In our great declarations, in our constitutional announcements, we gave forth no new law; we simply wakened up the world as we realized ourselves that it is God's law to be applied to our fellowmen, and that God's law is the fundamental thing that will bring happiness and peace to all men. We declared against what? Despotism, intolerance, tyranny. We didn't proclaim that merely for those who have crossed the Atlantic and settled in the thirteen colonies. We proclaimed that for the world at large, because we proclaimed the recognition of God's law for God created all men equal. And in our declaration, among our inalienable rights, we declared the right to live, the right to liberty, and the right to pursue happiness. And those were the fundamentals with which we started—liberty and free will, with which the mind is endowed; happiness, because God made us to be happy.

So you see this great republic of ours started off with the recognition of truths, and Divine truths, and merely asked they be put into existence, into practice amongst all people, for all were born equal. What right has my boy or my girl to have special privileges, when the children of the man next door to me, who works as hard as I do, have no privileges at all. That would not be equality. That would not be Americanism.

And who gave those strange announcements to the world at large? Why those few people who braved the dangers of the broad Atlantic, and who left the nearest and dearest place on God's earth to them, no matter how humble,—the place where they were born, and who came here in search of liberty and happiness. And what class of people were they: why, in Massachusetts it was the Puritan; in Rhode Island the followers of Sir Roger Williams; in Pennsylvania it was the Quakers; and in Maryland the Catholics; and they all sought this land with one common purpose, and that was, freedom of conscience, and to get away from religious bigotry and strife, and to be able to worship God in such form as their conscience dictated. And the great Omnipotent looked with pleasure upon this new form of government rising in the western hemisphere.

But changes have come about. We have been crazy for a few years. The great World War has turned things upside down. The spirit of brotherliness in the City of Brotherly Love has seemed to have disappeared, and instead there has seemed to be the spirit of Cain and Abel, and the disregard of responsibility as to being one's brother's keeper. We will get better, we will settle down, but we will only settle down when we realize the dignity of the particular position we occupy, and will only settle down when we recognize the rights due to others, when we try to be of service to our fellowmen.

About three weeks ago, I said to my old friend, Governor Stuart: "Governor, how are we ever going to get on the level again and act like sane people?" He paused for a moment, and then he replied; "You will have to get more of the grace of God into the hearts of men; you will have to couple religion with Americanism, and by religion I don't mean going around with a miserable face, making everybody unhappy, and feeling you have religion when perhaps you are only bilious." (Laughter.) "But religion that is live, animated, real, that will bring sunshine into the hearts of those who are downcast, and there is no necessity for a man who goes to church to have a long face and act as if he had just received a sentence from some police magistrate. Because back of it is this, and don't make any mistake: no man can be a good member of any church, and I care not what it is, or have that proper spirit that is associated with religious belief and religious devotion, and at the same time be untrue to the American flag or American principles. I don't care what the church stands for—that America stands for. The church stands, and all churches do, for the equality of the souls of men and the rights of men before the law. They both have the same mission, and we know when we are true to our country, and live up to the principles and are true to the spirit on which America has been founded, we are performing in a great measure the obligations due to the great Father of us all."

So let you and I return to our separate pathways. Many of us will never see one another again, but you and I, loyal to the flag that floats above us, and devoted to the service of this great republic that was founded on such great principles and ideals, will carry those principles out into our conduct with men, with our business associates, in our business undertakings, and perform the duties that we are under obligation to perform. We can say in the words of the song, that "Your ways are my ways, your love is my love, your God is my God."

Your ways are my ways in the endeavor to uplift and equalize the burdens of men. Your love is my love for the great country of which we are all a part, and its ideals and its principles. And your God is my God, the Common Father of us all, the Great Omnipotent who has showered His blessings in unstinted measure upon this great republic and upon each and every one of us. And let us be forever faithful to the Great Omnipotent Father who reigns on high and to the flag that floats above us. (Applause.)

MR. WATTS:

My friends, we have before us a great opportunity for service. Let us go about our business, the to-morrow that come, with a new declaration, knowing that we must give if we are to receive, knowing that brotherhood is, has been, and always will be. Let us keep it within the heart of each one and know that this principle cannot be erased. It is that guiding something within the breast of each one. Let us rededicate ourselves, we lenders, let us rededicate ourselves again to service.

There has been a great desire in my heart for a long time to pay tribute to a man I love—not because he has blue eyes, not because he is a man born up in the North, but because of some peculiar quality within himself, which radiates and attracts, and has the effect of bringing people more closely to the great Infinite, so that it is rather a privilege to avail myself of this opportunity to present to you a man that we Philadelphians have come to know as a great preacher, a man's preacher, a man giving the word of God in a practical way that men can understand, that men run not away from, a man who has the courage to stand out from among his fellows to say what was written in his heart. This privilege is mine now, and I am thankful to the great Infinite and the channels through which this has been made possible. That is quite personal, yet I do not take out a word of it.

I have a friend who comes down here from Washington State, and he always sends the subject of his lectures on in advance, and the first thing he says after he has been presented is, that he never lets his subject interfere with what he is going to say. I should not be surprised if Robert Norwood would not let his subject interfere with what he is going to say, because these two fellows are about alike.

I suppose I ought to be real dignified and present to you Dr. Robert Norwood, of St. Paul's Episcopal church, but he tells me his name is Robert, and I present to you Robert Norwood, the great joy of my heart.

REV. DOCTOR ROBERT NORWOOD:

Charley Boy, Girls and Boys: I came into this room to-night aged with a sense of responsibility, but, by gradual degrees, that sense of responsibility was lifted from me as I grew young again with youth; for there is no one of you to-night among the very young who is incapable of becoming younger, and there is no one of you like myself, among the very old, who is also incapable of becoming younger. For life is a series of returns to that point of beginning which we call 'childhood.' We return to it again and again; and, with each return, we renew ourselves, in order that we may go on to fulfill our obligations on this planet. For we are on this planet because we are in the plan of the Great Infinite—in His plan to this extent; that without us the plan could not be filled; and only as we realize that we are in the plan, will the great dream of the Creator Himself be fulfilled.

Now, I warn you, first of all, that I will insist upon everybody in my audience listening. I will become insulting to that first man or woman, who, by virtue of inattention, is not following me; because it is impossible for me to function apart from the comradeship of souls, impossible for me to think, unless I am aware of the fact that my audience is thinking with me—not because I am a dictator, but because I am a democrat; because I believe that man can do nothing here on this planet, save through the coöperation of his comrades. And that thought, I think, will serve as my first point of departure this evening.

We had a most admirable message from the speaker who preceded me. I am glad that the order of the program was changed that I might have the benefit of the inspiration of his utterance—the utterance of a true American, an utterance that was American because he spoke that word that we most need today in the United States, and that word is "tolerance."

But what is "tolerance," my comrades? Only as we listen to another, only as we have regard for that other, only as we believe that we can learn nothing apart from one another, do we become tolerant. Not by leaning on the counsels of far-away yesterday but by listening to human hearts, by waiting upon human hands, and by attending upon the benedictions of the smiles of human friendships are we able to interpret the task that is before us to-day, and to find the power to fulfill that task.

I was very much impressed (and I am sure you were who heard him not long ago) with what Lloyd George had to say concerning the final test between government by autocracy and government by democracy. Government by autocracy is a thing we presumably have left behind us. We no longer believe in a power that is invested solely in an individual, whether the individual be a person or an institution or a movement. No true American can ever be an autocrat in a sense that he repudiates the authority of the many. And that leads me to the second point in my words to you this evening.

You will notice that I am advertised to speak on a theme called "The Challenge of Life." I want to be consistent, and I want to justify my right to speak this evening on such a title. What is that mysterious thing which we call life, that burden which we are bound to bear whether we find it pleasant or disagreeable, whether it means the treading of paths of pleasure or the paths of pain, the paths of success or the paths of failure? What is it that we mean when we say "life"? To us it means "to be alive," to be conscious of the fact that we are not alone in being alive; for life means, not only our consciousness of ourselves, but our consciousness of others—that wheresoever we are in the world, there is an awareness of others.

A great scientist recently said, "Life is the correspondence of an individual to his environment." Do you know what that means? have you fellows forgotten your first adventure in the old swimming-hole? You had seen the other fellows go in, but you had always been afraid of the first plunge. It looked easy, but you realized that it would be difficult, and that the enterprise of the first adventure would be attended by disagreeable, physical things. But the day came when you screwed up your courage to the undressing point, and then the diving point; and when you made the dive, something happened between the point of your departure and the point of your arrival, for, instead of corresponding to that environment known as the water, you landed upon the portion of your anatomy known as the diaphram, and instantly all the fresh air was forcibly ejected from your lungs. Then you began to swallow all the water in the pond, until one of the fellows, being afraid you might swallow all the pond, dove in and grabbed you by the heel, and towed you ashore. There you sat, with the world reeling around you, and the fellows laughing at you, and you feeling as I felt some time ago, when I went up on the ferris wheel with my little girl, and something happened to the wheel, and we remained up in the air. But you came back at it the next day. Some of you even played "hookey" in order that you might be able to correspond to that new environment; for you knew that you would never really live as a boy until you had mastered the challenge of the old swimming pool. And so, day by day, you kept at it, until you found you had mastered it by corresponding to it, by adapting yourself to the law of gravitation.

Several months after that, Jack Frost came and did something to the pool with his beautiful brush, made from the comet's tail and dipped in the great splash that is known as the "Milky Way." He painted the surface of the swimming pool, and one of the fellows said, "We can skate on it." And you said to yourself, "I mastered the environment of water this summer; now I am going to skate." And you remember how confidently you put on your skates; and then, when you assayed the new environment called "ice," the ice was so eager to greet you, it ran up and kissed you on the back. Then, perhaps it was, you took your first lesson in astronomy, and became acquainted with all the stars with which the skies are filled.

But you were not discouraged; you kept at it from day to day, until, by slow and painful and humiliating degrees, you began to learn how to skate; and you only did it as you learned how to swim—by keeping at it, by keeping at it; and you found joy in the mastery of it.

I am asking some of you fellows if you remember your first experience on that most diabolical of all enemies—the golf course, and how often you sliced, how you put badly, how sometimes you were even tempted to kick the ball (and I have done it several times when the other fellow wasn't looking). But you kept at it until, by slow degrees, you learned to play golf as well as I do—135! (Laughter.) But you weren't discouraged; in fact some of you are so brave and so fine that, in your determination to adapt yourself to the environment of the golf course, you haven't time to come to church on Sunday morning. (Laughter.)

Now, I use these as parables to illustrate what I mean by this challenge of life. Each one of us to-day is surrounded by environment. First of all, it is the environment of our immediate family, our home, the environment of our friends, the environment of the people with whom we do our business, the environment of citizens, such as constitute our cities.

There was a time when I believe that Halifax, Nova Scotia, my native city, was the greatest city in the world. In this, of course, I was mistaken, as any man is bound to be mistaken, who is born in a small environment, and who runs away with the idea that that is the ultimate environment. We heard a great deal to-night about Irishmen. I am going to tell you of the finest kind of Irishman. He is in this room to-night. His name is Charley Watts. He is the kind that gets born in Canada and then, by slow degrees, wins his way to American citizenship, as I did four months ago. It was in those far-off days that I considered Halifax, the love of my boyhood, as the best thing in the way of cities. Sometimes, in those boyhood days, when I went to church and heard the great cry of the Babylonian captive, "If I forget thee, oh Jerusalem, let my hand forget its cunning," I said, "I always feel that way about Halifax." But now, the strange thing is, that I say to myself, "That is the way I feel about Philadelphia;" (applause) because I have been forced to adapt myself, not only to a new environment but to a larger environment—the difference between an environment of some 60,000 people, and the other of nearly 3,000,000 people. But I am always incorrect when it comes to statistics. The only time I ever get figures correctly is when I discover Mrs. Norwood has been through my pants pockets when I was asleep. (Laughter.)

You cannot live without some kind of an environment; and you cannot live unless you are willing to adapt all that you have to that environment. We want to live.

We had a very distinguished visitor from France a few months ago, who told us American people that all we have to do each morning between the greeting of our face with the safety razor and the finding of our collar button, was to keep whispering: "Every day, in every way, I am growing better and better." And it got most of us by the ear, and we believed it for a while, in spite of the fact that it is one of the most blatant errors ever perpetrated by a very kindly soul. Such a method is not true to life. It is not by using some formula, it is not by bowing to some symbol, that you and I live, but in obedience to a greater than Mr. Coue, who said, "It is not every one that saith 'Lord, Lord,' shall enter into the Kingdom of Heaven, but he who doth the will of my Father."

If you want power, it is there for you; but it does not come merely by saying something. Power comes as you have the courage to live. Joy is yours, but joy comes to anyone only as he or she has learned to laugh through tears. Hope comes to nobody, until he has found it in the very path to hell. Wisdom: it comes to nobody except through the mistakes he has made. Love—that greatest of all words, which to say, is to define God; love, the power that moves mountains, because love and faith are two aspects of the same experience—love will never be yours, never be mine, until we have torn out of our hearts hatred, jealousy and suspicion.

What is the purpose of all this? I bring to you to-night the challenge of life, for life wants to use you; and because life wants to use you, life is no respecter of persons; and because life is no respecter of persons, we are all born equal.

I said to a prominent editor a few days ago that the thing we call "genius" is a misnomer; that the so-called clever boy or clever girl at school is an illusion; that there are no graces of the intellect, no charms of personality, that are denied to anyone of us. We ought to give fully and abundantly of our love; we ought to be able to make friends, and to hold them. We are all meant to be happy, meant to be successful, meant to be good, meant to be healthy; and if these things are not ours, it is because we are cowards. We are afraid to accept the challenge of life; because there is not a single thing of value to you or to me that does not come as power came by way of the old swimming pool, the skating pond, and the golf course, even if it happened to be on a Sunday morning. Life is the corresponding of an individual to his environment.

Do you realize what was said to us this evening about Americanism? Americanism means that the people who are in America are here mainly because they have accepted the challenge of an environment, just as a "blue-nose" boy accepted the challenge of environment that eventuated in bringing him here in Philadephia. So you and I to-day are American citizen because it is the greatest environment in the history of civilization, because it is the proudest and widest environment for the human soul. That which gives the greatest room for the movements of the human soul is that which we call 'democracy'; and to be worthy of that democracy, on your part and my part, calls for courage—the courage to turn our backs on whatever we believe to be untrue to America, even though it hurts.

When I came to the United States six years ago, I said within myself: "Now, at least, I shall go among a people where aristocratic snobbery is not." A king has only divine right, as he is hedged about with class privilege. Strike at the class privilege, and you strike at the king. Remove the king, and there is no longer any economic or social necessity for that class privilege. I have traveled considerably in the eastern states of this new country of mine in the past six years, and I have discovered as much aristocratic snobbery as I have found in the old world. America will never be America until she frees herself of her aristocracy—that kind of aristocracy, which, whether based on money or on blood, seeks, for itself and its own, privileges which are denied to the masses. I wondered, while the Honorable Mr. Logue was speaking, how far he would go with me in this matter, how far my audience would go with me in this matter; for I say that America will never be America until the dirtiest little boy in the dirtiest part of the city, and the most ragged little loving Mary in the most miserable cottage, will have the same opportunity for culture as the boys and girls, whose fathers can afford to send them to highly select schools and expensive colleges.

We are being faced to-day by the greatest of all challenges, and it is coming in terms of a new and social democracy. America will never be right, and I will never be satisfied with America, until all special schools, all particular social privileges, have been abrogated from this American land. There must be, for every boy and girl, equal opportunity, providing that that boy or girl wants the highest opportunity; and you cannot have a democracy that is based on cash, or a democracy that is based upon a genesis that has authority only because it is still feudalistic, and which though denying the divinity of a king, asserts the divinity of the chosen few, who once upon a time waited upon that king. There can be only one aristocracy in the United States, and that is the aristocracy described by Tennyson:

"Howe'er it be, it seems to me,
'Tis only noble to be good.
Kind hearts are more than coronets,
And simple faith than Norman blood."

And so I charge you American men and women to accept the challenge of life. There can be no doubt about it that the business man of the United States to-day has a greater opportunity for expression of his genius than any other business man elswhere in the world. What will you do with your opportunities? What does it mean that you are prosperous? Does prosperity mean only good roads, or the good accruing to certain social or civic conditions; or does prosperity include also the opportunity for the boys and girls of America to rise up to the very highest pinnacle of their dream in the fulfillment of the challenge that is coming to them through their great democratic environment

I do not think that speakers like myself can do much. I do not believe that the people who write books can do much. I do not believe that even the churches can do much. I do not believe that even educational institutions can do much; but, apart from the lawyer, and the teacher, and the consecrated man, are the business men of the United States. You business men are the real custodians of democracy. You are the real aristocrats. You are the real guardians of a new opportunity that is coming to us to-day in terms no man can mistake.

I want my message to-night to be one of confidence as well as conscience. I will not rest content—I must not say, until you men, old and young, of this city, have taken advantage of your opportunity; for this is the thing that you must do—but I must say to every woman in my audience, young and old, that only as the woman of to-day meets the challenge of life that is coming to her in terms of a higher comradeship as a result of that which she, struggling through the ages, has won (her right to vote and participate in the affairs of this great nation) will she fulfill her destiny.

I do not care whether some of you smile at me or not; I do not care whether some of you think I am taking advantage of an opportunity to preach or not. I say, hang your smiles, and I care not a whit for your confounded cynicism. It seems to me that the hour of destiny is so great upon America that the whole world is waiting for every American man and woman to realize their opportunity.

When the war was on, and President Wilson said: "This is to make the world safe for democracy," he only touched the truth. The truth is, and we know it to be, that the world will never be safe until democracy is true, until American men and women have become democratic in character; in their social, business, political, and spiritual relations. Only as every man and woman in America to-day feels the challenge of life—the challenge of life coming over the centuries, the centuries of crosses, the centuries of dungeons filled with great heroes suffering for the truth, the centuries of broken homes, the centuries of disappointed dreamers—only as America is true to this challenge out of the past, that becomes our own in face of the present opportunity, will America stand permanent and fixed among the nations.

America can never live unless she corresponds to her environment, and America is the only country on the face of the earth to-day that is setting itself apart from the task of lifting democracy so high that it becomes a star on the torch of the Goddess of Liberty—a star that shall send its light out into the darkened ways of the world, guiding the feet of the weary, that at last they may find, in this new environment, an opportunity for the fulfillment of that promise which was made when the poet sang: "And I, John, saw the holy city coming down out of God." That holy city is democracy; that democracy is America, and its sanctity and permanence can only be final and lasting and real as you and I accept the challenge of life.

I thank you, my comrades, for a most gracious attention to my words. If I have seemed to preach overmuch, if I have rebuked a bit, it is only because there is no faith that I have in any future that can compare with the faith that I have in America. When I became an American citizen, I became it because I believed life was challenging me; and only as I, the individual, in this United States, seek to adapt myself to the opportunities that you present to me, can I be worthy of that gift—a gift that to me is so unspeakably precious that I sing within myself, as I conclude: "If I forget thee, may my tongue turn to water and I speak never word more, may my heart beat no longer, and may my eyes be dust in the sleep of death." Not to be alive in this wide, appealing environment of democracy, as America is interpreting it, is to be dead; but to be alive in it is to be aware of opportunity, is to fulfill our dreams, in happiness, in relationship of friends—dreams that more and more will bring to pass the vision of the Gallilean, and of the prophets who went before him, who sang of a time when the earth should be filled with the knowledge of the Lord as the waters cover the sea.

If there is in any soul to-night some apprehension of to-morrow; if there is anywhere among you one little note of pessimism, or tendency to discouragement, or sense of defeat, let me tell you these are trumpet-blasts to your souls from the Most High—the affirmation of God in your Godhead, of the Christ that is to be manifested in you, in your character individually, in your character collectively, as America is a nation among nations, of those who wait for the manifestation of the sons of God. (Applause.)

PAWN BUSINESS GROWS TENFOLD IN TEN YEARS

Paris Municipal Shops Do Annual Trade of Three Billion Francs

Paris, Jan. 6.—The business of the Paris "Monte-de-Piete," or municipal pawnshops, has increased ten times since 1913. The amount of loans, which stood at 325,000,000 francs the year previous to the war, reached 3,375,000,000 last year.

"Nothing could show more clearly the difficulties of Paris life, in spite of the apparent prosperity," was the comment of M. Edmond Maze, general manager of the pawnshop system. "Not only has the amount of our loans increased tenfold, but our customers now are recruited mostly from the middle classes, the petit bourgeois families parting with their heirlooms to meet the increased cost of living.

"The branch of our pawnshops in one of the most fashionable wards of the city is doing twice the volume of business done in the so-called poorer districts. The classes that used to be regarded by labor as privileged now furnish our most frequent visitors."

ADDRESS WANTED

Sol. H. Vogel, Treasurer of the Trenton Loan and Realty Company 414-415 American Mechanic Building, Trenton, New Jersey, will be obliged to anyone who can locate a skip by name of Albert or Bertram Hoppack and Mary his wife who formerly lived in Trenton and left there owing Mr. Vogel's company an unpaid balance.

As they are reported to have gone to Chicago, perhaps some Chicago member has some information that will assist Mr. Vogel's company in collecting the balance due it. What do your records show?

SOME INTERESTING LOAN EXPERIENCES BY MEMBERS OF THE N. F. OF R. L. A.

Given At Their Fifteenth Annual Convention, Sioux City, Ia., June 7-9, 1923

MR. PALMATIER: We all, of course, have interesting experiences in the loan business. Recently we were called upon for an immediate loan of $150. It is our usual method not to do things in a hurry, and I went out and appraised the security. They had a nice home, better than the ordinary. This man had been employed by Swift & Company, in South Omaha. He had only recently decided to sell his home and move his family back to Colorado to her folks—that was the story he told to me. I made the loan of $150, and a month later, when the first instalment was due, no payment having been made and no word received from them after a few days we sent a notice. The notice was returned unclaimed. Going out to the house I found that he had sold his equity in the home and had left the city the day after the loan was made, and nobody knew where he had gone. Bootlegging, it was found, was his principal business at that time.

His wife had left him and was going to get a divorce. Well, I finally located a remnant of the furniture in a storage house after visiting them all. I sort of had some faith in her naturally, she being a woman, although I had little in him, but I found out afterward she was as bad as he in some respects. I had on my original application the address of her people in Colorado, and naturally I concluded she had gone there. We addressed several registered letters to her, and the registration card was returned apparently with her father signing her name per his own. She aferward claimed she knew nothing about it and it wasn't his signature. Anyway it ran along from May to the latter part of October, and we had traced him around to different places, and finally decided to dispose of the remnant of the stuff. The principal item of security had been a parlor suit costing something like $400 originally, as they claimed, but that had been disposed of and we couldn't find any trace of that. It happened, however, that I hadn't filed my chattel mortgage as I had no reason to believe they weren't all right, and I didn't file it until I found the furniture had been disposed of and there was no chance of getting hold of it any way. For some reason our attorney didn't submit the notice by publication as required in our state, and because of the principal items of the furniture having been disposed of, we sold some pieces in the house to the people who bought the house, we didn't itemize every piece as required by law. In a general way we did mention them, but not specifically.

Well, she returned the latter part of October and appeared at our office, and after considerable parleying—she was at the office two or three times and I won't go into all the details regarding that—she at first was very penitent and made excuses and all that sort of thing. To go back, in selling the furniture I bid it in, as there were no bidders at the warehouse, and put it in a local auction storage warehouse and told them they might sell off the rough stuff, but I intended to keep the personal effects as I knew there were things of value they would naturally want taken care of. I didn't tell her right away after her return that these things had been preserved—thought I would let her pant a little, as she had made no attempt to pay up or let us know where she was. After two or three visits I made her a proposition. Out of consideration for our keeping all her personal effects of any consequence, her bedding, etc., and she had very good stuff, better than the ordinary at the time the loan was made and as my appraisal showed, I told her we would return that to her. But she wasn't satisfied, and the reason was that her husband had been back and didn't want her to do this. What she did do was to sue us, claiming she didn't know anything about any of the mortgaged property having been disposed of. She got hold of some lawyer—we have some that will take any lawsuit on a percentage basis—and he thought, after going over the situation and looking up the notice published, that he had a case, which, of course, he did to our sorrow. Well, the case came to trial and we were beaten, and we got a nice little judgment of several hundred dollars against us — seven or eight hundred dollars. Ninety per cent of the furniture was returned, but she claimed any number of items that were never there. This all happened because my schedule wasn't itemized. I learned something, of course—but paid dear for my experience. They claimed we took articles we had no mortgage on and had no right to dispose of it, that it wasn't properly advertised and was improperly sold. If it had been properly sold, of course, they wouldn't have sued us, but because it was improperly sold it prevented us from winning the case. We felt there was no use appealing the case, as the schedules weren't according to law, and we took our medicine. However, we have different attorneys now.

Mr. Ryan: We opened a pledge department on March 7th of last year, and made arrangements with a jeweler on the floor above us to do some appraising for us. He was in the office with another man who was just starting in business for himself; he had left the employ of one of our directors who was a jeweler. He was a sort of manufacturing jeweler in a small way, setting diamonds and making rings. We made arrangements with the two of them that if we got anything in the diamond line they were to give us a price at which they would be glad to take the diamonds off our hands at that price, plus ten per cent. Things went along in nice shape until about October, when a fellow came in and wanted a loan of $200 on a diamond ring. We took it upstairs for appraisal and it was appraised at $175. I cut it $10 and made the loan. The fellow was a follower of the ponies and had a string of horses, and was just temporarily down and out. I rather regretted making the loan after he had the money, but I let it go. He told a long story of his life. Later on I found that he had come while I was away and got another loan of $155 on another diamond ring—I saw the same name but let it go. Well, our business took a sudden jump, for at the start we had few large loans, but I laid it to the fact that we were becoming better known and were advertising loans on diamonds. Along in January, I believe it was, we had made by that time a number of large loans—we made a loan of $330 to a lady and shortly thereafter a loan of $550 to the same lady. And shortly after that a loan of $825 to another lady who was brought in by the person we had made the two loans to, a Mrs. Hart. And later on in January or the early part of February a man came in with a ring. I took it to the messenger whom we sent to get the jewelry appraised, and he said that he had seen this man over in the appraiser's office nearly every day. I thought that was strange so I asked the fellow if he knew our appraiser, Mr. So-and-So, and he said "No." He asked for $185 and when we got the ring back it was appraised at $185. I was a little suspicious and cut the loan down—thinking I would at least have the interest in cash if I got stung. In the meantime the two loans that we had originally made to this horse dealer became delinquent, and we notified him at the address given and the letter was returned "Unknown." I met him on the street one day and got him to pay up. But on March 1st the fellow who had been doing our apraising moved out and was too far away to handle our business, so then we began dealing with the other fellow who was still in the same building. So I took these diamonds to him to have him look them over, and the diamond we loaned $185 on he said was worth $75, and another about $60. They weren't diamonds, but sapphires. Then I asked him if he knew this fellow and he said he didn't know him by that name. When I said he was in his office on the other side of the building with this other fellow, he said that was not his name, his name was Hart. So we had made two loans to his wife of $330 and $550 and two to him of $165 and $185, all in the family. So I went to the house and rang the bell but nobody came to the door. I went back a second time and waited at the door and this man stepped out and slammed the door after him. I said, "Good morning, Mr. Hart or Mr. Cline," and he said, "Or Mr. Brown or anything that comes handy." I asked him what he was going to do about the loans. He said he wasn't going to do anything; that we were in the loan business and would have to look out for ourselves, and I told him I would take the matter to the prosecuting attorney, but he said they couldn't do anything with him. So I went to our former appraiser and he pretended he didn't know anything about the deal—that everything was all right so far as he knew. That was Monday and I gave him until Thursday to take the matter up, and in the meantime I saw our present appraiser, and he said we couldn't do anything. I had our attorney write a letter, and on Thursday we went to see his wife and she said her husband was out of town and asked us to call on Monday. And on Monday a man came over to see our attorney and stated he represented a certain bank—in fact, he represented two banks. It seemed that our former appraiser had our attorney's letter in his pocket and while doing busi- with the bank's cashier he had stooped over and our letter had dropped out on the desk, and after he was gone the cashier picked up the letter and read it, and saw that we were accusing the man of fraudulently appraising diamonds. He then came over to us to explain the situation, and he said he would see that we got our money. Well, he came in next day and brought me in fifteen bright new one hundred dollar bills and took up several of the loans, and assured me that the two loans we knew of as having been made to Mrs. Hart would be taken care of. So I let it ride along and when the $825 loans expired, I went out and told the lady who I was, and she said she had no loan with us, and when I asked if she had not come in and borrowed $825 on a three-carat diamond ring, she said that was Mr. Hart's, and it was. Well, we called up this man and he came the next day and brought over the money for that. I began looking over the books and we had approximately forty large loans, and I venture to say that while the forty loans aggregated $8,000, I could not sell the diamonds for over $3,000. What connection there was between the appraiser and the banker I can't find out. He wouldn't tell and assured me our loans would be taken care of and we wouldn't lose anything. I believe this is the same man who has been working in other places. He goes into a town, has the goods with him, makes connection with some other fellow, and then goes to a remedial loan association and gets the money.

Dr. Robinson: I can't think of any incident particularly interesting, but I have met a number of these old fellows that were loan sharks like Mr. Coffey mentioned, and some of them are very interesting characters. There was one old fellow I met in the salary loan business who was a man of ability and who would have made good in anything—there was no doubt about that. I asked him how he got into the salary loan business and he told a long story that was particularly interesting to me, because of his connection with politics and public officials. He said he happened to be in a certain town doing some kind of work, and had a little part in public life there. This was years ago, of course. They had a pretty hot election in the town, and wanted to get out the workers and to get a little spare cash in the campaign fund. So they levied an assessment on the political office holders and some couldn't pay. This was a common thing in Pennsylvania—I don't know whether it was ever done in this part of the country. So the bosses told this old fellow that if he would pay these assessments they would give him their salary warrants, and that was what he did. He paid their political assessments for these office holders in this city, and the public officials in the city offices turned over to him their warrents for salaries and they couldn't collect them without coming to him. He charged them five per cent to get the warrants away from him, and that was the way he got started in the salary loan business, and made quite a success during his life-time. I thought it was the most interesting beginning I ever heard of in the salary loan business.

INDUSTRIAL LENDERS NEWS

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GEORGIA.

The Third Annual Banquet of the Georgia Industrial Lenders Association was held in the main dining room, 7 P. M., at the Ansley Hotel, Friday evening, January 11th. There were 69 present and many expressions of a grand and delightful evening were heard. The attractive menu and program cards with the portrait of Judge Richard Russell, Chief Justice of the Supreme Court, "The Abraham Lincoln" of today, and the most beloved mortal in the State of Georgia was on the front cover of the program cards. The tables were prettily decorated with flowers, and beside each plate was placed favors of all descriptions, also song sheets with popular selections.

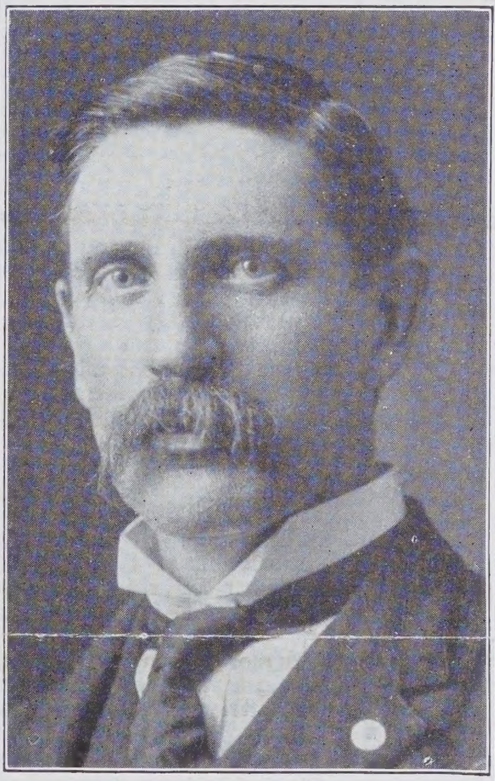
Immediately after all were seated, a flash light photograph of the banquet was taken, which proved to be a fine picture. During the dinner, we were entertained with classical and jazz selections by the Oglethorpe University Orchestra, songs by Georgia Railway and Power Company Quartette, and the piano solo by Mrs. Abernathy, and during the courses of the dinner, popular songs were sung by all. The dinner and the service was unexcelled.

The Honored guests present were Dr. Charles G. Mueller, National Chairman American Industrial Lenders Association, Philadelphia, Pa.; Judge Richard B. Russell, Chief Justice Supreme Court of Georgia; H. S. Strozier, President Kiwanis Club, Macon, Ga.; B. S. Barker, Secretary Atlanta Chamber of Commerce; E. A. Thompson, Assistant Superintendent of Banks, State of Georgia; Mr. and Mrs. C. K. Ayer, Capitalist of Atlanta; J. Frank Meadow, Atlanta, Ga. There were also many ladies present.

Col. Tillou Von Nunes, prominent Atlanta Attorney and church worker presided as toastmaster. Mr. A. B. Madison, Chairman Georgia Industrial Lenders Association, delivered an address of welcome, which was a very beautiful and touching one. His speech:

Mr. Toastmaster, Members of the Georgia Industrial Lenders Association, Ladies and Gentlemen: If it had not been for the fact that I would have missed a perfectly good time this evening, I might just as well have sent a ten-year-old schoolboy up here to read my address of welcome, for that's what I am going to do—read it. In welcoming you here this evening, the word welcome has a significant meaning to me. Having knocked at the doors of quite a number of cities in my past few years, I can truly say that I know what a true welcome means, it is one which makes you feel perfectly at ease and at home. It is such a true welcome I extend to all of you, and to each of you this evening. The best thing in life is good fellowship and a mutual understanding such as is fostered by organizations like the Chamber of Commerce, Civitans, Rotarians, Kiwanis, Bankers and Grocers and Retail Merchants Associations, the American Industrial Lenders Association, and last, but not least, our own Georgia Industrial Lenders Association.

In my younger days when I was very much younger in experience, and I would read an article in the newspaper where a so-and-so organization had held a big banquet, I was always skeptical of the bunch; in my simple way I figured out, well, these guys are having a banquet and a get-together meeting so as to figure out how to get the best of everybody else, but as years passed by I began to see the light and to get the true understanding of what association really meant.



Hon. Richard B. Russell, *Chief Justice Georgia Supreme Court.*

I found out that the very heart-throb of such meetings, gatherings and associations was to figure out and devise ways and means whereby they would increase their service and decrease the cost; to make their business vocation or profession a factor in making the lives of others more happy, hopeful and to fill them with sunshine; to break down the cold and austere barriers of the old type or line of business and to conduct it more along the lines of the Golden Rule.

There are, no doubt, young men and women in this country to-day—young in experience—who look upon associations and organizations through the same foolish eyes as I did, and if I can succeed this evening in putting over the message correcting them on this subject, even though only a few, I shall feel very happy, indeed.

The Georgia Lenders Association is founded along the lines of other associations, that is, the doctrine of selling a service, putting across a message, correcting the erroneous idea and misunderstanding that all persons who associate themselves together do not do so from purely selfish motives. We want the public to know that this association stands only for that which is high class, ideal and beneficial to the masses; to put that across; to be understood, is all we ask.

In conclusion I wish to say that at this, our Third Annual Banquet, we want you all to have a good time, to eat, to sing, to dance and be merry, to throw off the yoke of business or profession, to lay aside the responsibilities of State or office and to be just for the night great big overgrown kids again and to seem to realize just what the author meant when he wrote "Backwards, turn backwards, Oh Time, in thy flight, and make me a boy again just for to-night."

Dr. Mueller, our National Chairman American Industrial Lenders Association was then introduced and as per usual his address was a masterpiece, which was as follows:

Mr. Toastmaster, Ladies, Guests of Honor, Members of the Georgia Industrial Lenders Association, and friends: It was with a deep sense of gratification that I as National Chairman received your kind invitation. My presence is expressive of my pleasure at being here on this the occasion of the Third Annual Banquet of your State Association, and I extend you heartiest congratulations.

In the march of human progress for the benefit and uplift of mankind, your Association has taken a very prominent part, notwithstanding its brief existence. Much credit is due your initiative and untiring effort.

It is the spirit of the times that those engaged in the same line of business join forces to make that business better. It is a mistaken conception that those engaged in the same kind of business are competitors. It should not be so. Their relations should not be competitive but coöperative. In this way only can they advance to the highest degree their individual interests and the business in which they are engaged.

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The business of lending money to men and women of good character in modest circumstances is a most worthy cause. The ramifications of its service touch more closely the intimate lives of the masses who borrow than merchandizing or any other line of endeavor. It is a big service, widely in demand; otherwise, there would not be employed approximately $150,000,000.00 in this particular kind of financial service to industrial classes. Employers recognize that their most efficient employees are those who are happy and contented and are not having their minds disconcerted by domestic or financial disturbances.

That the need for some such special branch of finance will be permanent, there is no greater authority than the Master Himself, who said: "The poor ye have with you always." I speak in terms of the improvident and not the indigent. The Jeffersonian principal that all men are born free and equal is a beautiful ideal, but unfortunately they do not stay so. Half of the world does not know how the other half lives, nor for that matter does it care; in fact, one-half the world sees no particular reason why the other half should live. The short and simple annals of the poor are: *Born, taxed, forgotten.* Truly in no other line of business is there greater opportunity to employ the twofold service of successfully admitting sentiment into business.

Occasionally concern is expressed because rumor has it an amendment will be proposed to the existing law, effecting a reduction in the rate of interest now permissible. Our advice is not to dignify that sort of gossip by giving recognition to it.

It is quite true there are many minds trained in economics and practical domestic finance searching for light that will provide the necessary fiscal machinery to enable worthy and deserving borrowers to have their needs alleviated at the very minimum cost to them. For the present, however the Uniform Small Loan Law as it is now written on the statute books of Georgia, represents unqualifiedly the most commendable and efficacious small loan legislation anywhere, without exception.

Through the medium of this modern legislation a number of reforms have come to pass that have failed of this accomplishment through every other legal, social and moral agency. By first enacting legislation that makes secure the investment of capital and offers a fair return thereon, a source for adequate funds is made available, and a monopolistic tendency is overcome which has heretofore had a governing influence on the charge paid by the borrower. Secondly, the requirement preliminary to obtaining a license, that the applicants shall be good citizens, precludes the admission in many states of the type of lenders so universally abhorred. It invites into this business of making small loans to the industrial classes, a grade of business man unexcelled in any other line of endeavor. For often these men of high character engaged in other pursuits became financially interested in the lending business. They do in this way help in moulding the lenders' policy in his relation with the borrower and thus assure a standard of fair dealing not to be excelled in any other enterprise.

This fine type of man of affairs is not always influenced to enter the business of lending money to necessitous persons by desire for personal gain. He has altruistic motives and civic righteousness for his guide. It will be recognized at once that without modern legislative machinery such as is reflected in your existing Uniform Small Loan Law, the entry of this type of leading citizen into the business is out of the question.

Opposition to the present rate usually comes mainly from two sources. The well intentioned but grossly mis- or uninformed, and the over zealous, ambitious legislator, unacquainted with either the extreme necessity for the business or little concerned regarding the actual facts. This is the experience of the Russell Sage Foundation of New York City, (at present engaged in making a comprehensive survey of the small loan business) and many others in a number of states, where the Uniform Small Loan Law has been enacted and efficiently operated. A number of Colleges, Professors of Economics, civic, social and commercial bodies are devoting a great deal of thought to the question of "what is an equitable rate."

In support of this rate, if that may be deemed necessary, a resume of the states having modern small loan laws fails to show a single instance, where the supervising authorities have had opportunity for investigation, examination and audits of licensees' books recommend a lower interest rate or compensation than that prevailing. On the contrary, several states have amended their laws by increasing their rate of interest on small loans on a par with that of Georgia. In this respect the former Commissioner of Banking of Pennsylvania made such recommendation to the Legislature in 1919, amending the small loan act of 1915, raising the rate of interest from 3% and less to 3½% per month on unpaid balances.

In New Jersey where a law similar to your own has been on the statute books since 1914, and where the quality of supervision is unequalled, the law has remained unchanged. There seems to be a growing appreciation by the Supervising Department of the essential Community service rendered by licensed lenders of the State.

In Pennsylvania, where the law is similar and the rate identical to that of Georgia, former Commissioner of Banking Fisher, in addressing the Pennsylvania Association at one of their regular meetings, said in substance:

"It gives me great pleasure to look into your faces and to meet you personally because I want to compliment your Association and its members on the scrupulous effectiveness of their business conduct. It may please you to know that the Banking Department has not had a single violation of the law under which your business is conducted requiring the suspension of a single license during my term of office."

This bespeaks the possibilities attainable where the State Association coördinates its policing proclivities against unconscionable lenders who disregard the law and the supervising authorities. Here is a splendid opportunity for the Georgia Association to emulate the accomplishments of older, more experienced successful State Associations.

There is also that obligation to those who by their courage, energy and confidence in the remedial potentialities of the Uniform Small Loan Law, have made possible your gathering here to-night. Justify and vindicate these pioneers by maintaining a necessary and adequate financial service that will be representative of the highest standard of ethics and human helpfulness, so you too will not be required to employ a High Commissionaire as a mouthpiece, so popular these days, to alibi your business conduct.

We ourselves the better serve by serving others best. This service may be placed in three classes.

Service to the Borrower,
Service to the Merchant,
Service to the Banker.

To render the best service to the borrower does not always call for mere granting of a loan. Proper advice at times is decidedly more essential than actual possession of money. To help those seeking financial relief with constructive suggestion many times relieves anxiety, clears up misunderstanding and lets the sunlight into the lives of heavy hearted folks.

In Baltimore recently a borrower asked for a large accommodation. Inquiry developed existing past due instalments on furniture and piano, along with other bills for groceries, rent, doctor, etc. An analysis made possible the reduction of the loan to a much smaller sum. Instead of paying the entire bills only past due instalments were brought to date. Thus the borrower was relieved of immediate stress of mind and purse.

In another instance in Pittsburgh a borrower was sent to jail because he was drunk and passed two worthless checks, aggregating $10.00. The lender interested himself in the case and when he called at the home found the home barren. It had been stripped of its furnishings by an irate father, who had previously given the furnishings as a wedding gift, but ncensed over his son-in-law's action, came back and took physical possession of the personal property, leaving only a small cot on which his own daughter lay with a four days old child. The Lender mmediately got in touch with the local chamber of commerce, related the facts and through united effort the amount of he two bad checks was made good, the man freed and a position obtained for him immediately. The furniture was also estored to the family, who moved into maller quarters and were made happy once again. These are only several of numerous instances of opportunity for genuinely helpful service that is actually endered daily by legitimate lenders.

There are unrecorded examples where he lender has been instrumental in bringng together estranged man and wife. nstances where intercession with furiture companies have restored furniture o delinquent customers, cases where ound advice has been given with respect o investments and where legal aid has een furnished in times of almost deenceless imposition. There can be no ainsaying that this is truly a meritorious nd necessary service integral with the usiness of making industrial loans not lways compensated for in the cash egister.

Next, there is the lender's service in he community to its merchants. Through he medium of the lender's service it is ossible for embarrassed customers to ay their bills promptly to merchants with whom they have credit. Aside from the eneficial effect in helping the borrower o retain his good credit standing and elf respect, it makes possible a frequent turnover for the merchant, who comes to treasure the customer "as good as cash."

When the National Retail Credit Mens Association put forth its drive for "Pay Promptly Day," such as the merchants of Atlanta contemplate on January 19th, next, the lenders of this fair city will have a splendid opportunity of rendering exceptional mutual service. They will not be found wanting.

Then there is the final classification of the Lender's service to the banker. When it is considered that available statistics show not more than about 8% of the population have checking accounts and that approximately less than 5% of those having checking accounts are eligible to borrow at a bank, it will be seen immediately that there must be a great number of worthy persons who are unprovided for in an emergency. There is that vast body of solid citizens who carry savings accounts and yet a very high percentage of these are unable to be accommodated at banks.

This is not intended as a reflection upon the banks, but merely a statement of fact. It is quite obvious that with the varying degrees of risk involved banks which accept depositors' money cannot afford to take great risks. Neither are they equipped to handle a multiplicity of small transactions at the rate of interest provided for under the banking laws. In consequence the industrial lenders fill a very great need by alleviating the financial needs of many thrifty, worthy and deserving persons without bankable collateral, who would otherwise suffer great inconvenience and mental agony. Approximately 88% of the population are without bankable security but eligible as a prospective borrower at industrial loan institutions. Only by providing a fiscal agency to help them in their hour of need can contentment be brought to this great mass of American people and their families.

One of the finest tributes to the business of Small Loans as conducted under state license and supervision, is the recognition by many local chambers of commerce of the essential service rendered by lenders. Their sympathetic encouragement and coöperation have made possible accomplishments that would have been deemed impossible but a few short years ago. When merchants and lenders join the same forces they eliminate miscarriage of effort and multiply the power of concentration for commercial, civic and economic betterment.

A fine example of the power of cohesion of these forces is manifested by the Philadelphia Chamber of Commerce. A few years ago, after the enactment of modern small loan legislation in the State of Pennsylvania, a group of legitimate Philadelphia Lenders became members of the Philadelphia Chamber of Commerce. They were not content with membership alone, but asked for the privilege of active participation in the affairs of the Chamber of Commerce, which was granted. Soon merchants and lenders found that there was a great advantage to be gained from joint membership in the merchants' credit bureau of the chamber. This amalgamation of interests was formulated and to-day the chamber bureau has on file approximately six hundred thousand names, or about one quarter of the entire population of the city.

Supplementing this credit bureau, Mr. Smith, the active secretary in charge, coördinating his effort with the Philadelphia Lenders created an adjunct in the form of what is known as the Philadelphia Lenders Exchange Bureau. This bureau functions after this fashion: At the close of each day, every subscribing lender sends to the bureau a complete list of every applicant for a loan, in the form of specially prepared filing cards containing certain specific information concerning the prospective borrower. This information is received the following morning by the Chamber of Commerce Bureau which immediately checks its files and clears the respective names, advising each member lender every morning before ten o'clock the status of the small loan applicant. The exchange bureau has prevented prospective borrowers from obtaining loan accomodations from more than one lender at a time, and at the same time, from borrowing in excess of $300.00 in amount, as prescribed and intended by law.

To-day there is not a single borrower or prospective borrower in the City of Philadelphia whose status is not known or available to all member lenders. Neither is it possible for confidential or single-signature loans to be contracted. By that is meant loans obtained by either spouse without the knowledge of the other. In former days, it was a common practice of unscrupulous lenders to make confidential loans to married women without their husbands' knowledge, reserving this information as a club for effective collection methods in the event of delinquency. Investigation has disclosed that in instances of this kind the wife almost invariably would have to "rob the table" or resort to other ruses in order to meet the agreed monthly installments. While on the other hand, married men have frequently endeavored to obtain loans without the knowledge of their wives; to pay drinking, gambling and other foolishly contracted debts. In either instance, it has not made for a happy state of felicity, and certainly not condoned by present-day legitimate, licensed lenders. The borrowing public also came to know quickly that it is more advisable for them to make frank, truthful statements than to attempt to equivocate or resort to subterfuge. There has also been a marked lessening in bankruptcies and other loss entailing devices so much abhorred by merchants and others who extend credit to the general public. The effectiveness of this Bureau prevents borrowers from sacrificing themselves by becoming hopelessly involved. Its elevating effect can hardly be appreciated except by observation and experience.

It is through the aid and development of such agencies as the Lenders Exchange Bureau that there is hope for a reduction of losses with their attendant heavy expense of collection, and this will make the operation of lending less costly, thereby, eventually contributing to the economic advantage of the borrower. A lower rate, however, requires the smooth operation of essential machinery and the general coöperation of merchants, bankers, legislators, sociologists, and others interested in the human family, in order to minimize the cost of handling a great number of small transactions.

The expense involved in attracting the borrower, recording the information on his application, investigating the statements made, searching the title to the security offered, if any, and the bookkeeping necessary to record the periodic installments of the loan, which is vital to the convenience of the borrower, and maintaining proper records required by law, all must be substantially modified before there will be the least justification for a reduction in the present rate of interest charged in the State of Georgia.

It must be remembered that lenders furnish their own capital and cannot accept deposits. Many lending organizations employ the modern corporation as a vehicle. This usually requires the sale of securities, a process essential but costly. As time goes by and the business of making small loans becomes better understood, appreciated and more stabilized then it is to-day new devices and the evolution of business practice by licensed lenders, plus competition, will make another contribution to a very definite objective, namely a lower rate for borrowers in urgent need. For the present, however, the prevailing rate of 3½% is amply justified bv its proponents.

It is a far cry from the time of primitive barter when man exchanged part or all of his possessions for what he needed or wanted most. The enactment of the Uniform Small Loan Law makes it possible for the humblest worker in the land to retain his modest possessions and yet obtain what he needs or wants most. Certainly, here is a conveyance that will bring sunshine into the lives of wage-earners, deserving more than a mere passing notice. It is commended to your active and unselfish prosecution for the best interest and service of mankind. I thank you.

As the applause had quieted there suddenly arose a young man from his chair, apparently intoxicated and insisted upon making a speech. He informed the toastmaster that he was sent by the Governor of the State to make an address. After creating much disturbance and scaring the convention half to death, especially the ladies. The master at arms, Mr. C. Y. McCollum, leisurely walked over to this drunkard to eject him.

He had him nearly to the door, struggling and still insisting that the Governor had sent him around to make a speech and that he was going to make it. They were stopped by the toastmaster for a moment and he informed the convention that there are three things that a drunken man wants to do; tell a funny story, cry, or sing, and as he did not want anybody to tell funny stories but himself, and as he did not care to have him cry at such a joyous occasion, suggested that he might sing to compensate for his dinner. He agreed to do this and Mr. John Hinton, known as the McCormick of the South then sang "Ten Thousand Years From Now" in a beautiful, rich, high tenor voice, and was encored until he sang two other beautiful selections. It all proved to be a great surprise, and needless to say that everyone present with the exception of those that had arranged for it were taken in and actually frightened.

This was followed by H. S. Strozier, prominent attorney and president of the Kiwanis Club, Macon, Ga., whose address was immensely enjoyed, and in part was as follows:

There is one thing of practical import I want to say to you and that is that I believe that you people who are in the Small Loan Business are filling an absolutely vital economic necessity. I believe that your business is absolutely necessary to the community and the community cannot get along without you. The Small Loan Business is necessary, and that's the reason why I am interested in it. Dr. Mueller has given you the economic rule upon which the law is based, and I am not going to have anything to say about that. The majority of the members of the Georgia Legislature come from the country counties and do not know what the Small Loan Law is and what its object is. All they see is that you are allowed to charge a high rate of interest, and the only remedy is to do what you people are doing with this dinner and this meeting to-night—creating a public sentiment that will make everybody realize that you are engaged in a business which is absolutely vital to the economic life of the community. The people of this State ought to be made to realize it is that kind of a business, and that it ought not to be wiped off the Statute Book of the State of Georgia. I am with you and will do all I can and work all I can and help you to do all you can to keep that law on the Statute Books in order that it may continue to fill the vital needs which it fills at this time. (very much applause.)

The toastmaster responded that you can go down to Macon, Ga., and bring a man up to Atlanta and he will certainly have something to say. This was followed by a selection rendered by the Quartette. It was encored by everybody and forced to sing two more songs.

The main speaker of the evening, Judge Richard Russell, Chief Justice of the Supreme Court was then introduced. In introducing Judge Russell, the toastmaster told a true story about the Judge; A circus came to town and the Judge who has a big family, 9 boys and 8 girls, (Judge corrected and stated that there was 10 boys and 8 girls, (an exact dozen and a half took them to the circus. He purchased tickets for one of the side shows. The ticket seller congratulated the Judge for bringing the orphan asylum to see the show. Judge Russell informed the ticket seller that it was not an orphan asylum, but his own children. This amused the ticket seller so much that he told the Judge it was not necessary to go in to the side show, that he would bring the side show out to see them.

The most beloved man in Georgia then spoke. His speech in part was as follows: Governors can speak and attorneys will argue until you feel like a piece of furniture, but judges are expected to be bosses and say what the law is, and I ought to be sitting here looking wise as an owl and decide to-morrow whether you are foolish or not. I want to take a hand in everything, and I want to say that I approve of your business. I approve, as Mr. Strozier said, of your Money Lenders Association because it is not the work of the loan sharks that were not satisfied even though they might get 32 per cent a week. This is a reputable business that fills an absolute want, an absolute need. There are thousands of people that we don't know how they live. It is no sin to be poor, because the poor have been my friends; they have always been my friends; they have always loved me when few loved me, and with my dying breath I never expect to deny my sympathy for them when in this world a kind providence has given me treasure, though he has denied a bare existence to many of my more unfortunate brothers. I look upon your business, properly conducted by honorable men, as affording to a large class of our people who cannot elsewhere obtain in the time of very direst distress that accommodation in business that others who do not need it half so badly can so easily achieve, with such a large class of people where their character is good and their small property put to some value as a pledge and pawn to enable them to tide over a hard time, and properly regulated by law, the business of the money lenders of this Georgia Money Lenders Association, as I understand it, especially in view of the talk so comprehensive as has been made by the President of the National Association, is destined to grow, to increase, and to extend new accommodations, lower rates of interest and more accessory advantages to the very people among all our population who need at various times money accommodations and extension of credit. That is what I think of your Association.

I love everybody in this world, because, you know the same worm that eats the pauper will eat the prince. Alexander Stephens told me that when he was living, when I was quite a young man, and it rings in my ears to-night as it has for forty-five years, when he said "Richard, my son, one thing I want you to remember, when you shall from your condition rise, act well your part; there all the honor lies, and don't forget, my boy, if you have success, that you must not get proud, for the same worm that eats the pauper eats the prince." And, therefore, in the progress of your business you must carry it on with a tenderness that loves your fellow man. If your Association accomplishes any good even in a financial way, if you make a success, it has got to be because you love your fellow man and that your purpose is not to oppress and distress your fellow man to get back money at usual rates, while you cannot afford to do it for nothing, but are prepared with all the tenderness of the Good Samaritan to put a hand to the support of your weaker brother and help him across the path when he needs assistance, that's the business of the money lending association. I have said about all I want to say, but I want to impress one sensible thing; in all the fun I have tried to have, and I hope you have had, and that is that this Association has a high and vital purpose, and if it has that every class of citizens as well as you yourselves, doing your duty, should get behind it. For, we don't live to ourselves; we live in deeds—not in thoughts, and each one of us should not only be a real Georgian that loves the poor as well as the rich, but in this great commonwealth of our good country, I thank God that the flag of the Union floats forever and we go onward as the last hope of republican institutions as a light for all time for all nations has been established on this earth, overruling the mistaken idea that might is right, the greatness of these institutions, its blessedness to those people one hundred and fifteen millions in number, is a preservation of our people, and we have machinery for business and for government for all time, handed down by our forefathers to us as a priceless heritage, and with no lock or tie stronger than a spider web, there is no force on earth that can crumble the molds or shackle the steps of that very proud emblem of eternal government.—*Columbia Free.*

After very much applause Mr. E. A.

Thompson, the Assistant Superintendent of Banks of the State of Georgia, was then introduced. He expressed himself as very happy to be present but he would have to be excused as he had not prepared a speech and that it would be impossible for him to follow the Judge.

The toastmaster then made two propositions; that the one receiving the most applause would be the one to carry; A selection by the orchestra or a song by the quartette. The applause was about equal, so the orchestra played and then the quartette sang.

The meeting adjourned at 11 P. M., followed by a dance until midnight, and everyone enjoyed themselves to the fullest extent. F. B. Snyder, *Secretary.*

CREDIT UNIONS.

Bank Commissioner Allen of Massachusetts in His 1923 Annual Report Makes the Following Reference to Credit Unions:

"Credit unions are now in operation under laws of the Commonwealth which do not give the public the protection which, in my opinion, they have a right to expect. Supervision of these institutions has been and is very expensive, owing not only to the inadequacy of the present laws, but also because of the lack of financial experience among those in charge of many of the credit unions, as well as frequent changes in management. Careful consideration of all phases of this subject has made it quite apparent to me that the statutes regulating this business should be revised in many important respects. Changed conditions have, I believe, led the credit unions away from the original intent of the framers of the law. Although at the present time performing a meritorious service, they should, in my opinion, remain true to the purpose for which they were originally established. Unless there are radical changes in the laws governing them, it is my judgment that a situation is very likely to arise which will subject the savings of members to unnecessary hazard.

In order properly to safeguard this business and to insure its operation in the proper direction, I strongly recommend that consideration be given to corrective legislation. Therefore, I respectfully urge that a committee be appointed to study and recommend changes in the present laws. In this connection I particularly call attention to the unrestricted deposit privileges and the lack of regulations covering the loaning of funds. In view of the good work being done by these institutions, I believe that they are entitled to the benefit of remedial legislation."

CHICAGO TAKE NOTICE.

Dear Mr. Kehr:

Will you kindly coöperate with me through the Industrial Lenders News in locating the address of Louis and Anna Ruda, formerly of 49 Ivy Street this city, and from most recent reports now located in Chicago, Illinois.

The addresses we have received were as following: 519, 1913, 1490 or 1940 Peoria Street or Avenue, and 1319 Irving Street or Avenue. We directed registered mail to these addresses but have been unsuccessful in locating them, although we are absolutely certain that these people are now located in Chicago, as their furniture was shipped via the N. Y., N. H. & H. R. R. Company to that destination.

Mr. Ruda is a tailor by trade and was formerly in the tailoring business in this city. He is a man thirty-eight (38) years old, medium height (5′ 6″), stocky build (165 pounds), black hair, dark eyes, and clean shaven with a heavy beard.

Very truly yours,
T. C. O'Brien, *Manager,*
Equitable Industrial Loan Society.
113 Church St., New Haven, Conn.

PLAN OF BUYING WAGES HELD CONTRARY TO LAW.

Judge Rules Against Baltimore Finance Company in B. & O. Case.

Purchasing of part of the salaries of employes of the Baltimore and Ohio Railroad Company by the Baltimore Finance Company was held to be contrary to law in an opinion filed yesterday in the Circuit Court. The case was heard some time ago by Judge Carroll T. Bond.

The finance company had been buying the rights in earned wages before pay day. In the case before the court W. L. Miller had been paid $20 for his salary of $21.50.

The finance company, according to the opinion, denied the constitutionality of the statute, which makes invalid any attempted assignment of wages or salary not in conformity with its provisions. *Baltimore Sun,* January 24, 1924.

FIGHT ON LOAN SHARKS WILL BE PUSHED.

Association Lends Support to Victims in Nation-Wide Campaign.

By Cosmopolitan News Service.

Philadelphia, Jan. 24.—Anthony P. Nugent, of Kansas City, attorney for about 200 alleged victims of "loan sharks" in that state, will receive the full support of the American Industrial Lenders' Association, Charles G. Mueller, national chairman, said to-day.

In a letter to the attorney, Mueller stated a nation-wide campaign to eliminate the evils of extortionate interest rates on small loans would be launched by his association. The latter is composed of individuals and corporations engaged in industrial financing in those states where the business is licensed and regulated by law.

Money-lending becomes an instrument of cruelty and oppression wherever the state, through indifference, has permitted avarice to impose usurious interest rates, Mueller's letter said.

Mr. Nugent's clients are mostly railroad men. In their line evil of usurious lending is said to be particularly acute. Interest rates on small loans run from 240 to 480 per cent a year, according to the stories of some of them.—*Baltimore News,* January 24, 1924.

SMALL LOAN LENDERS NOW LICENSED.

Beginning with next month, money lenders, who come within the scope of the law-enacted by the General Assembly at its last session, those making small loans must obtain licenses from the Bank Commissioner in order to legally transact business in this State. The law effects all persons, firms and corporations making loans of $300 or less, for which the rate of interest is greater than 12 per cent.

This law, which is distinctively favorable to those who are obliged to obtain small loans, received the attention of The Providence Chamber of Commerce, which not only took a rather active part in passing resolutions in favor of the then pending bill, but its representatives appeared at the hearing that was given by the legislative committee to which the measure had been referred, to urge the desired enactment.

Bank Commissioner George H. Newhall has prepared forms for the application, bond and license, and while several requests have been made for the application blanks, none has actually been filed. The name and address of an individual, all partners of a co-partnership and all officers, if a corporation, must be given with their place of residence, and location of the place of business.

Corporations must also show the date and place of incorporation, together with a certified copy of its regulations and by-laws, and if the applicant be a foreign corporation, a certified copy of its articles of incorporation, together with its regulations and by-laws, must accompany the application.

The fee for a license is $100, which goes into the State Treasury. Every licensee must file a bond payable to the State in the penal sum of $1,000 for faithful compliance with the law.—*Providence Magazine,* December 1923.

SOME MORE INTERESTING LOAN EXPERIENCES BY MEMBERS OF THE N. F. OF R. L. A.

Mr. Phillips: The occurrence of my story was just a year before the incident related by Mr. Palmatier, and in connection with a pledge loan. A young fellow came into the office one morning and wanted to borrow $10. I inquired what he wanted to borrow the $10 for and he said he wanted to get some carpenter tools to go to work with—that he was out of work and could get a job if he had some tools. I said, "What have you got to get the loan on, and who are you, any way?" He pulled a letter out of his pocket and said, "This letter might tell you who I am," and handed it to me. It was very nice stationery and contained two letters. I opened one and it was headed, "To Whom It May Concern" and went on to say that the writer took great pleasure in recommending the young man—he was, as you could tell at a glance, a man of ability, education, etc.—and that any assistance given to him would be greatly appreciated. Enclosed with it was a personal letter beginning "Dear Norman: Your letter of recent date was turned over to me by my Secretary. While it is contrary to the custom of the office to give letters of recommendation, however, you and I are such good friends and have had such good times together, I take great pleasure in giving you this recommendation," and was signed "Your true friend"—who do you suppose? Warren G. Harding, the President! It was on White House stationery and a White House envelope, and mailed the day before from Washington. It was absolutely genuine, there was no doubt about that. I said, "I will tell you what I will do. I will lend you $10 on these two autograph letters." I wanted to find out just what the situation was, and figured the letters were worth $10 any time. He said he was willing to leave the letters with me as a pledge for the $10, and this was done. And I found out everything was just exactly as represented. He was a young fellow who had been through everything in the service, had been wounded, gassed and shell shocked, and while he was absolutely harmless he was subject to a desire for wandering around and drifting from one thing to another, not being able to put his mind on anything, although he had been a man of education, and wanted to do odd and peculiar things, like getting tools to do carpenter work with. His case was very interesting. He came back for the letters. His family were well to do and he was very well connected in Halifax—I believe it was—he didn't really need any assistance. He had married a nurse who was also in the service. It was one of the most pitiable cases I ever heard of. But when the President says that any favors shown a man will be greatly appreciated, whether he needs $10 or not, I am going to let him have it.

Mr. Reid: The incident I have in mind may be of interest and of some help to some of you. A woman came into the office one day and wanted a loan on a two-stone diamond ring. I happened to wait on her and asked her how much she would like to borrow and she said $200. I took a look at the ring and it had a new setting—white gold, Tiffany, with a gold band around. It was the first I had seen this setting, and I made up my mind it wasn't genuine. So I took it to the window and talked the matter over with the appraisers so they wouldn't be deceived. The woman commenced to get nervous because we were talking it over, and so I finally went over to the counter and commenced to talk to her about the new setting. She said it was bought in New York for cash. In the meantime, I had instructed one of our employees to call up police headquarters. My object in doing this was that if she was trying to trick us, we might keep somebody else from getting caught. She was getting more nervous and it was pretty hard to hold her. She kept reaching for the ring but I held it back, and finally she got so nervous her lips were white and she turned and left the office without the ring. So I sent somebody to follow her. The building has a front and a rear entrance, and as she went out of the front door our man went out of the rear door and around the corner and saw her meet somebody. He confronted them, and the fellow started to explain that he had bought the ring in New York in good faith. Our man then told them that if they had been cheated they would probably like to know it, and that our appraisers had found that it was a sapphire instead of a diamond. Well, he got them both back into the office, but the woman wouldn't stay and got out before the representative came from headquarters. They took the fellow to headquarters and talked the matter over with him. He gave his right name and right address, and didn't have anything else on his person. But the funny part of it was that within an hour another dealer on our same street came in and asked if there was a woman in to see us with a two-stone diamond ring that she wanted to pledge. He said she had been in his place and wanted 200, but he wasn't sure whether the ring was platinum or gold and had only offered her $150, and she wouldn't take it.

Mr. Auger: I suppose you have all heard the expression voiced usually by some unfortunate victim of a "loan-shark" that, "they would take the shirt off your back." I had the experience of viewing a literal fulfillment of that remark not so long ago, as did a goodly gathering of men and women in the lobby of our business office.

During the noon-hour rush of a busy day, a gentleman presented himself at one of our appraising windows and asked how much could be loaned on the suit of clothes he wore. He stepped back a few paces in order that the appraiser could give him the "once over," and when told he could borrow two dollars on the suit, hesitated just a moment, and then calmly commenced to disrobe.

You can well imagine the feelings of all of us there, and yet we all were so surprised at the turn of events that all sense of energy left us and we could do nothing but stand open-mouthed and await the climax.

And it wasn't long in coming, either. The spectators, both out in the lobby and behind the windows, had hardly time to realize just what was going on, or to be more correct, what was coming off, before our hero was slipping the suspenders over his shoulders. And here's where the ladies present began reaching for their salts bottles. The removal of coat and vest wasn't so bad, but when it came to the trousers—well, as we remarked when it was all over, we failed to discern any wild rush for the exits! You would think that in a crisis of this kind some one would act, but I guess we were all so busy breathlessly awaiting the next development in the case, that we simply didn't that's all.

And what is more, our hero didn't bat an eyelash but kept right on with the business in hand, and in less time than it takes to tell, he was back at the appraiser's window with his three-piece suit draped around his arm instead of his manly form.

We made him the loan, and in the interim, all the ladies and gentlemen outside had an opportunity to study one another's flushed and embarrassed countenances, the while they dwelt mentally upon that peculiar complex of nature that kept them wide-eyed and spellbound in the face of so delicate a situation as a man publicly removing his outward habiliments.

Fortunately for all concerned, however, our hero had thoughtfully provided for emergencies, in that he had his "second best" under his good suit, and while the final outcome didn't necessitate a riot call to police headquarters, we all agreed that in the few minutes during which he was the center of attraction, he certainly gave us a run for our money.

CAN YOU MATCH THIS?

R. S. Hecht, President of the Hibernia Bank and Trust Co. of New Orleans makes an interesting reference in his annual report to the stockholders just published in which he says:

"All of this has tended to somewhat curtail bank profits generally, and ours have been no exception to that rule. It is gratifying, however, to be able to report that after making full provision for all known losses, setting aside liberal amounts for doubtful accounts, and again writing off on our building and fixture account the maximum amounts permissible under the Income Tax regulations, the bank has paid its usual dividend of 24 per cent per annum.

"In addition, the Hibernia Securities Company, Inc., whose common stock is carried by five trustees for the pro-rata benefit of the bank's shareholders, has declared a 20 per cent dividend on its common stock of $10 par value, thus bringing the total disbursement on the bank's stock up to 26 per cent."

MARYLAND.

The first of the series of luncheons was held by the Maryland Industrial Lenders Association, at 1 p. m. on Tuesday, January 8, 1924, at Hotel Emerson, Baltimore, Maryland.

The guests present were Howard Bryant, president Baltimore City Council; also attorney for our association, William G. Towers, vice-president Baltimore City Council; also prominent attorney, Dr. J. N. Stewart; Pastor Pimlico, Baptist Church, Clinton G. Morgan, vice-president Citizens National Bank of Maryland; Fred Fisher, Collection Manager Beneficial Loan Society of New York City, Mr. C. H. Watts, Secretary Pennsylvania Industrial Lenders Association; E. C. Krichton, Manager Security Finance Company of Baltimore and S. P. Sanderson, of Sanderson & Company, Baltimore,

Among the members present were: Louis F. Eckhart, Roy T. Baseman, L. F. Brust, Peoples Loan Society; W. F. Oliver, Jr., Household Finance Service Company; J. D. Goldrick, Union Loan Company; George W. Holden, Beneficial Loan Society; H. C. Moore, Peoples Finance Service Company; Clifford L. Smith, Bernard Lotz, R. A. Long. T. V. O'Connell and Martin Laur, Master Loan Service Incorporation; E. E. Hougham, Atlas Loan Company; C. A. Gardner, United Finance Security Corporation.

Reverend Dr. Stewart pronounced the Invocation, and after partaking of an old-fashioned chicken dinner, Chairman Gardner introduced Mr. Bryant, who as attorney for our association gave a splendid talk, the main gist of which covered the likelihood of our present Legislature increasing the jurisdiction of the Peoples Court of Baltimore City from $100 to $500. This will be the means of relieving the higher courts of litigation covering small amounts. This litigation is endorsed by the Baltimore Bar Association, and there is no question but what it will become a law.

The next speaker, Mr. Wm. G. Towers gave us an interesting talk covering the efficiency of our Mayor and his splendid staff of assistants, also laid special stress upon the wonderful growth of our city. Baltimore is at present the seventh city in the United States, and if we continue to grow in population and in industry as we have in the past few years, it will only be a short period of time until this may be the second city in America in National importance.

Mr. C. H. Watts responded in his usual

good hearted way in talking to the boys as one loan man to another.

Being chairman of the Legislative Committee of the American Industrial Lenders Association, he urged the Maryland Lenders to coöperate most closely with the Banking Department. Live the true spirit of the small loan law, not attempt what some licensee in one state in particular is doing, namely permitting one client to carry a greater amount than $300, by making him three or more loans, different members of his family endorsing the papers or vice versa.

Thinking people and public sentiment in general will force the Legislative Powers to change the law not only in this state but elsewhere if this practice is followed to any extent.

To the knowledge of the Maryland Association, the true spirit of the law is being lived up to by every licensee.

H. C. MOORE, *Secretary.*

INFORMATION SERVICE.

New York—All possible support to a nation-wide campaign against unregulated money lending and extortionate interest rates will be given by the American Industrial Lenders Association, it was announced here to-day by officials of the organization. The Association is composed exclusively of individuals and corporations engaged in industrial financing in those states, where the business is licensed and regulated by law. The announcement was accompanied by a copy of a letter written by Charles G. Mueller, National Chairman of the Association, to Anthony P. Nugent, of Kansas City, Mo., attorney for some two hundred alleged victims of "loan sharks" in that state.

In his letter Mr. Mueller expressed the association's hearty support of the movement to eliminate the evils of extortionate interest rates on small loans, and proffered its coöperation in it, declaring that the association for years has been engaged in the same effort, which he characterized as "a championing of oppressed humanity" deserving of the approval of every right thinking man and woman in the nation.

The business of industrial lending, Mr. Mueller's letter continued, is a necessary one, and, properly conducted, a humane and useful activity which, however, becomes an instrument of cruelty and oppression wherever the indifference of the state has permitted the avarice of unscrupulous men to impose usurious interest rates upon borrowers. Asserting that cruelty and extortion inevitably result in communities where the business of making small loans is unlicensed or unregulated, the letter states that long study of the situation has convinced economists and sociologists that the only solution of this world-old evil lies in the adoption by the several states of scientific and modern legislation requiring the licensing and regulation of the lending business and fixing the maximum interest rate that may be chargel on small loans.

Attorney Nugent, it was announced, replied accepting the Association's offer of support of his fight against loan sharks which he declares he will carry into every corner of the nation, where the evil may exist. His initial move was made last month when on behalf of John N. Rhodes, a railroad switchman, he filed a damage suit for $100,000 in the Federal District Court in Kansas City, Mo., against seven men, who, Rhodes alleged, conspired to extort usurious interest from him. Nugent, who is attorney for two hundred other railroad men, alleged victims of usurious lenders, says that the evil of extortion is particularly acute in railroad circles where interest rates on small loans run from 240 to 480 per cent a year.

It is estimated that the annual volume of small loans in the United States totals $150,000,000. It is the contention of legitimate lenders that this total amount constitutes only a very small per cent of the credit needs of industrial borrowers, estimated to be about 86 per cent of the country's adult population, and that the absence of protective legislation, which deters necessitous borrowers from hazarding usurious charges, is a denial of their legitimate credit needs.

To remedy this condition, in Kentucky a bill has been introduced in the Legislature of that State, providing for the regulation and licensing of lenders and fixing the maximum interest rate that may be charged, without disturbing commercial banking rates. The proposed law is modelled on the act drafted by the Russell Sage Foundation of New York City, and now in effect in about a score of the states. The bill is sponsored by the Louisville Legal Aid Society and has the endorsement of welfare workers throughout the state.

INDIANA.

STATE OF INDIANA
ATTORNEY GENERAL'S OFFICE
INDIANAPOLIS

December 22, 1921

Hon. Maurice L. Mendenhall,
Administrator,
Indiana Securities Commission,
Indianapolis, Indiana.

DEAR SIR:

I am in receipt of your letter of December 17, 1921, asking whether finance companies who had taken out a petty loan license were exempt from the provisions of the securities act.

Division 8 of Section 10 of the Securities act provides that the term securities as used in said act shall not include "stocks, notes, obligations or other securities * * * * of any bank, trust company, building and loan association, society or insurance company organized and doing business under the laws of this state and subject to the examination and supervision of the proper authorities thereof."

If such companies have any claim for exemption it must be under said section and upon the ground that they are societies subject to the examination and supervision of state authorities.

Chapter 125, Acts 1917, known as the "Petty Loan Law" provides that no one shall carry on such business without first obtaining a license and giving bond, it is further provided that "the auditor of state (now bank commissioner) for the purpose of discovering any violations of the act, may either personally, or by any person disignated by him, at any time and as often as he may desire, investigate the loans and business of every licensee and for that purpose shall have free access to books, etc. It also provides that such concerns shall keep their books and records in a certain manner so that the said examiners may readily ascertain whether the concern is complying with the law. The act also provides for the giving of certain receipts and otherwise controls their conduct.

The question arises whether said requirements are such a supervision as to entitle such concerns to exemption under the securities act. A study of the petty loan act shows that the purpose of the supervision, or right of supervision, given thereunder, is to disclose whether such concerns are observing the provisions of such act. There is no investigation as to the nature of the loans, that is as to whether they are amply secured or other facts pertaining to the solvency or other business conduct of such concern. The supervision seems to be for the benefit of the state and not for the protection of the stockholders or holders of securities of such concerns. The manner and purpose of the supervision of such concerns seems different from that exercised over banks, trust companies, building and loan associations, etc.

When all of these matters are considered, I am of the opinion that although petty loan companies technically are under state supervision, that they are not under such supervision as is necessary to obtain for their securities the exemption given by Division 8 of Section 10 of the securities act.

Very respectfully,
ATTORNEY GENERAL.

ILLINOIS.

Your association will again hold its regular quarterly meeting at the *La-Salle Hotel,* Chicago, on the afternoon and evening of January 25th.

At our last meeting it was decided to hold the business session in the afternoon and turn the evening session of our January meeting over to the managers. This has been arranged for and the business session will be called to order by President Tyson at 3 o'clock in the afternoon. (See announcement board for room location).

Dinner will be served in the East Room of the *LaSalle Hotel,* at 6 o'clock.

The manager's committee, consisting of Mr. Sanderson, chairman and Mr. Coler, both of Chicago, will conduct the evening meeting in as strict accordance as possible with the program, copy of which accompanies this announcement.

There is always important business to be taken care of and vital questions to be discussed at our business meetings and every licensee member should be present for the afternoon meeting.

Participation in state association meetings by managers is becoming popular all over the country, which is conclusive that such meetings are beneficial and advisable. Like everything else, it takes experience to work a thing out successfully and we all should lend a helping hand and make allowances, as this is only our second attempt at conducting such a meeting.

There is, undoubtedly, ample talent on the program to make this affair a big success, provided a spirit of enthusiasm and willingness to act is exhibited.

The officers and manager's committee vigorously urge that every man in the business be present and come prepared to briefly express his views on the selected subjects.

Trusting you will realize that the success of this meeting depends upon *your* attendance and *your* participation, I am

Respectfully,
L. T. BAKER,
Secretary.

PROGRAM

Managers Meeting
of the Illinois Industrial Lenders Association, January 25, 1924.

"Public Sentiment Toward Our Business as I Find it in My Community."
C. O. Bodine, Star Loan Co., Joliet, Illinois.

Discussion: C. C. Erd, of C. C. Erd & Co., Chicago, Ill.
R. U. Baughman, of Fidelity Loan Co., Rockford, Ill.
N. Albrecht, of Fidelty Loan Co., Peoria, Ill.
W. A. Crews, of Citizens Loan Assn., Chicago, Ill.

"Selling Loan Service."
G. Leatzow, Citizens Loan Assn., Chicago, Illinois.

Discussion: Charles David, of Fidelity Loan Co., Chicago, Ill.
Claude McCurdy, of John E. Bratt, Chicago, Ill.
J. H. Gray, of State Loan Co., Joliet, Ill.

"Does it pay to be too efficient in collections?"
C. T. Carlson, Chicago Discount Co., Chicago, Illinois.

Discussion: Jno. M. Franco, of American Loan, Co., Chicago, Ill.
O. W. Inman, of Peoria Loan Co., Peoria, Ill.
Miss M. F. Davis, of Union Investment Co., Chicago, Ill.
P. J. Flynn, of Beneficial Loan Society, Chicago, Ill.

"Is it profitable to use an automobile for Investigation and Collections?"
Kierman J. Phelan, Citizens Loan Assn., Chicago, Illinois.

Discussion: B. H. Rose, of Chicago Mortgage Loan Co., Chicago, Ill.
J. S. Smith, of Joliet Loan Co., Joliet, Ill.
Jno. Monahan, of C. C. Erd & Co., Chicago, Ill.
Albert Wittkowsky, of Imperial Credit Co., Chicago, Ill.

Committee,
JOHN H. SANDERSON,
Commercial Guaranty Co., Chicago.
E. R. COLER,
Baker & Co., Chicago, Ill.

OBITUARY.

Members will regret to learn of the comparatively sudden death of Charles H. Harris, owner of the National Loan Co. of Pittsburgh. Mr. Harris was a member of the Pennsylvania and American Industrial Lenders Association from the date of their organization until the time of his death. For two years he was the treasurer of the Pennsylvania Association. He rarely missed a meeting of either association and could always be counted upon to do well any duty assigned to him. He is survived by a wife and daughter to whom we extend our sympathy.

IOWA.

Leslie Whitmer, President of the Provident Loan Association, Sioux City, Iowa, sent each member of the Iowa Legislature now in special session the following interesting letter together with a copy of the annual report of his institution:

"Realizing that the small loan business has its inning in nearly all sessions of the Legislature, you may be interested in knowing the exact workings of this association.

"Under separate cover we are sending you our twelfth annual statement and complete report.

"As you know, the small loan business in Iowa is licensed and bonded, and is under the supervision of the State Banking Department.

"In Iowa and twenty other states there prevails the Uniform Rate Law for small loans. The Iowa rate is 3½ per cent per month on unpaid balances and the loans are prescribed from $10 to $300.

"There has been much discussion about the fairness of this rate. Individuals and organizations who have made thorough investigations have found it a just rate. It has been shown that it is fair to the borrower and to the lender. In loaning his money the lender has no deposits to use as in the case of banks. He must stand the expense of investigations and appraisals of outlying chattels, of heavy collection cost, of frequent losses due to family troubles and borrowers' physical incapacity; of maintaining offices and help and must show a sufficiently profitable business to attract capital with which to run his business.

"Our experience shows conclusively that the smaller loans of $10 to $50 are ofttimes the most imperative, yet at the legal rate of 3½ per cent, these loans show an actual loss—the cost per loan is greater than the income.

"As to the necessity of the small loan business, there is no argument. About 65 per cent of our population, who do not have security acceptable to banks, are compelled to borrow money at some period in their lives. They must seek the small money lender.

"Without the Uniform Rate Law, small loans would be made at exorbitant interest rates. Ten to 20 per cent per month are the rates money lenders are exacting in states that have not adopted the Uniform Rate Law.

"If you will please glance through our report, you will find that only a fair and reasonable profit has been made by this association. You will find that our net profit last year, on a capital stock of $124,005.32 was 7½ per cent, and in this amount is a surplus of $15,000.00, accumulated over a period of eleven years.

"You will also please find in this report that 2,818 loans were made during 1923—an increase of 421 over the preceding year. You will also note that on the first of this month we had 1,885 live accounts—the average loan being $110.80.

"We are calling your attention to this association and to these figures, to show the important mission the small loan business fills in our financial system. And to show also, that in Iowa, at the present legal rate, small loan companies are making only fair profits and that the small borrowers are being taken care of in a dignified and businesslike manner, and are not paying excessive interest rates for this service.

"Taking both viewpoints into consideration—that of the lender and that of the borrower, the present legal rate is working satisfactorily.

"We thank you for your attention."

ONLY THE LOAN SHARKS ARE AGAINST THIS.

If you want to start a poor man's bank, you have to have a State law. Fifteen States now have such laws, and all over those States humble people are being kept out of the clutch of the loan shark and are moving upward by learning, through their credit unions, how to save money and how to lend or borrow sensibly and cheaply. In Massachusetts the credit unions showed an increase in assets during this past year of about $1,250,000. How about your State? Laws to make credit unions possible are now up for action in: Iowa, Mississippi, New Jersey, Maryland.

In Colorado petitions are being circulated to put a credit-union bill on the ballot for vote of the people next November.

Speaking of the failure of the Maryland Legislature to enact a pending credit-union bill in 1922, the *Baltimore Sun* said:

"Those who would have benefited from it are not powerful politically, and the bill could not have strong support if that support be measured by practical standards. But it was based on a sound and practical theory, and in some form it should have passed."

That hits the nail on the head. Credit-union laws move slowly because there is no selfish motive to urge them. No individual or organization gains directly or indirectly by a penny's worth if a credit-union bill is enacted. But the bills in all the four States listed above will pass if the plain people who have been writing to *Collier's* about poor men's banks get to work on their legislators. Tell your legislator that here is a chance to vote for a bill that benefits nobody except the small income earners and hurts nobody except the usurer.—*Collier's, the National Weekly*, Feb. 2, 1924.

ADDRESS WANTED.

James Trewsdale, late of 654 South Street, Whiteinch, Glasgow, Scotland. He is a shipyard worker of Irish birth and beyond the fact that he has gone to America with his wife and grownup daughter nothing is known. Should any member hear of this party, advise G. W. Kehr, National Secretary, Harrisburg, Penna.

SITUATIONS WANTED.

Position wanted by experienced loan man. Fourteen years in present position as manager of chattel loan office. Prefer office in a state operating under model loan law. Address communication to P. Box 778, Harrisburg, Pa.

Position wanted by a successful loan man who has had several years experience in small loans and discounts will give references and bond only a reasonable salary expected. Address "K", Box 778, Harrisburg, Pa.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII, No. 9. MARCH, 1924. Price, $1.00 a year.

SIEGE GUNS OPENED ON LOAN SHARKS.

Friends and Foes Battle Over Measure Before Statutes Committee.

By Robert E. Dundon.

Frankfort, Ky., Feb. 5.—Heavy siege guns were trained on the intrenchments of the "Loan Sharks" this afternoon when the House committee on Kentucky Statutes, of which Harry Miller, of Lexington, is chairman, held a two-hour session to hear both sides argue House Bill 105, introduced by Representative Leon P. Lewis, of Louisville, and which is known as the Russell Sage Foundation uniform small loan law.

The first speaker of the loan shark hearing was Walter S. Hilborn, of New York City, acting director of the division of remedial loans of the Russell Sage Foundation. He said that there are sixteen money lenders in Lexington and thirty in Louisville. He cited cases to show in some instances as high as 432 per cent a year has been charged on small oans while he had ten or fifteen which showed from 75 to 660 per cent a year.

Prospers on $4,000 Capital.

The Kentucky Statutes, he pointed out, now provide for a maximum interest of 6 per cent annually. If more is charged, all that may be legally collected is the principal and 6 per cent, but there is no penalty for charging more. Mr. Hilborn aid that his investigation at Lexington howed one money lender making a comfortable living for himself and family on a capital of $4,000, and another with as little as $2,000 was "doing very well." According to the speaker loss of illegal nterest is the only penalty now, and he aid "it is hardly one case in a hundred hat a customer welches on a loan shark." He said that Indiana, Illinois, Ohio and Virginia had adopted small loan laws imilar to the Lewis bill.

The provisions of this bill prevent any one from engaging in the business of making loans without a license from the banking commissioner. If a person so operating without a license lends a sum of less than $300 at a monthly rate ex- eeding 3½ per cent, the borrower need not pay either the principal or interest. The offending lender also, under the law, ould be sent to jail.

"We have two groups of objectors," he dded. "One is the money lenders who o not think 3½ per cent a month enough, he other group is those who fail to understand the bill. Colorado tried 1 per ent and it didn't work. New York legalized 2 per cent a month with certain fees, ut all of its lending companies are semi-philanthropic. We know by experience that 3½ per cent is the amount a commercial company must get to yield a net annual return on its capital of sufficient to operate."

Would Drive Out "Sharks."

"There is no similarity between the money lender of small hazardous accounts and the bank. The former lends his capital, the latter lends credit. The bank can employ its capital over and over. We know this bill will drive the old-time loan shark out."

Linton B. Swift, of Louisville, general secretary of the Associated Charities, said that he spoke in behalf of hundreds of small borrowers of the city whose "outlook for the future is that of fear."

He declared that the society he represents has 1,200 families in Louisville under its care. He told of the case of one widow in Louisville who had borrowed $150 from a loan shark, had paid back more than the original amount and still owed $169 when she came to the association for help. He said that after being forced to pay 250 per cent a year this woman was blacklisted by the loan sharks of Louisville because she had resorted to the court to get out of their clutches.

"The average small borrower only wants money for one, two or three months," he said. "But he steps into the hole deeper and deeper. This law is the only thing that will save him."

Emmett Field, Sr., counsel of the Legal Aid Society, read a number of communications from other states showing that the law had been beneficial wherever tried. He cited a number of specific cases to show how the public suffers through loan sharks. He described the experience of one man who, from an original loan of $20, has got into the books of seven different loan companies."

Few Borrowers "Welch."

"As a rule borrowers refuse to welch. They come to see us, because the loan sharks make it so difficult for them that they cannot meet their exactions. The representative people of Louisville, Covington and Lexington have indorsed this bill." He said that the League of Women Voters' National Association of Legal Aid Societies, Mayor Huston Quin, Dr. E. Y. Mullins, Dr. E. L. Powell and others are for it. Members of the committees were furnished with pamphlets setting out the aims and purposes of the movement and containing on the cover page an editorial from the *Louisville Herald* praising the measure.

"What we want is a bill which will attract sufficient commercial capital to run this business, and still hold the cost to the borrower as low as possible," said Mr. Field.

Sigmund Lee, of Louisville, a labor leader, said that the Brotherhood of Railroad Trainmen had indorsed the bill. "Two years ago," he confessed, "the loan sharks blindfolded me and led me around by the hand. I have found that I was wrong. They fooled me then, with the argument that this bill was not friendly to labor. They said you were trying to discriminate against the working man. Labor does not stand here to-day, saying that as a whole, it is behind the loan shark. We are now sending railroad men into the coal fields. Many of them are broke. They are a mark for the loan sharks. The brotherhoods are asking you to-day to protect the poor who are being robbed by these loan sharks."

Joe Lee Deceived, Too.

Joe Lee, attorney and labor publisher, of Louisville, brother of Sigmund Lee, also spoke for the bill. He also said that he had been deceived two years ago.

He referred to the close alliance between the loan sharks and the magistrates. He praised Peter Campbell and John Schneider for their part in passing the workmen's compensation law.

"Without credit, the poor man is up against it," he declared. "Once in the grip of the loan shark, death alone can free him." John Schneider and Peter Campbell opposed the bill, speaking in behalf of the State Federation of Labor. Mr. Schneider advocated higher and shorter periodical pay-days to relieve labor's distress. He charged that a money-lending trust at Chicago is back of the bill.

Peter Campbell said that he had not altered his position of two and four years ago of unalterable opposition to the measure. He told of the founding of the People's Provident Association at Louisville in an effort to provide relief.

Mr. Campbell read extensively from the report of the legislative investigating committee of 1920 as to the activities of lobbyists trying to pass the present bill here. Mr. Campbell reiterated charges that those back of the bill then tried to bribe him in a room at the Seelbach Hotel. "Don't compromise with the loan shark," was his parting remark.

Huge Monthly Turnover.

During the discussion, Mr. Hilborn estimated that the monthly turnover of loan sharks in Louisville is from $350,000 to $400,000 and that the saving to the poor people of that city by a reduction of the rates might easily amount to $25,000 a month or $300,000 a year.

The committee, after the hearing, went into executive session. It is believed that the bill will be favorably reported.

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"SWAT THE LOAN SHARK!"

Introduced by Leon P. Lewis, a Louisville member, House Bill 105 comes to the attention of the Legislature. Its complete title is "Russell Sage Foundation Uniform Small Loan Bill" and its purpose is expressed in the words "uniform small loan."

We were strongly enlisted on the side of this necessary and beneficent legislation when it came up two years ago and, like much else that was worthy and remedial, failed of attaining its full growth. Nothing we have since learned about such matters, and it is a great deal, has changed us in the least unless, indeed, we except the character of opposition it arouses and the cases of cruel hardship which have come to our notice.

Of that opposition the most charitable comment must know it as uninformed if it would not brand it outright as insincere and of a grasping and sordid self-interest. As a specimen of information which is not so and of argument founded in error, if not worse, we may instance the fable, so plentifully supplied to country members of the General Assembly, to the effect that country districts of the Commonwealth would be included in the sphere of the proposed legislation and that country banks could, and probably would, establish offices where money would be regularly and currently loaned at the rate of interest established by the bill. There is no basis of fact for that disingenuous statement. The bill is made state-wide for the reason that it would not otherwise comply with laws prohibitive of class legislation. And that is all there is to it.

The list of its backers is impressive and instructive; the roll of states in which similar legislation has been enacted carries weight; the testimony of those active and experienced in welfare work is positively conclusive. But most of all we are influenced by the first-hand knowledge of those conditions it is sought to remedy and to avert which is ours. To "Swat the Loan Shark" might well be erected into the dignity of a crusade. To curb the pernicious and heartless traffic of this hungry horde is a first-class exercise in citizenship. To license, and thus to have control of, the lenders is to dismiss a cruel usury from our midst and invite in thrift to take its place and keep it. To set up a law, with teeth in it, to secure to the small borrower a minimum charge per month, that is rescue work of a high order.

The small borrower is manifestely unable to take care of himself and his needs make of him the ready prey of those who would exploit his extremity and profit by his hard case. The small borrower can not, however, be handled at all unless on terms which are used as an argument against the bill by those whose exactions are to-day, as long they have been, as the millstone around his neck. Three and one-half per cent per month, the maximum provided for, is a vast improvement on a range of from ten to thirty per cent under the conditions which now govern. And it is precisely this boon which excites the angry and indignant protest of those whose fortunes are being built up at the cost of the needy and the oppressed. The howl the loan sharks raise is intended to divert attention from themselves and their bloated "business."

It stands to reason that, unless money can be loaned at a profit it will not be loaned at all and it has been demonstrated time and time again that loans cannot be handled—with all the investigation and care required; with all the cost of small collections; allowing, as is, imperative, a reasonable margin for losses—at a lower rate than that we have mentioned. But this applies only to the man whose requirements are $300 or less. Above that the charge diminishes sensibly.

It has been well observed that no measure of this character can hope to achieve the ends it has in view unless it be practical. It must embody and set forth the tested experience of those who know, of those whose practice, as their investigation, has covered a wide field and examined varying surroundings.

It is because we have here what is workable and what has worked, which is better, that we raise our voice and lend our influence in support. There is an evil to be combated, a condition of degradation to be removed, men and women and children to be saved from misery and from that sense of injury, that feeling of helplessness which breed unrest and prepare for anarchy.

And so, viewing the whole matter as one of instant need in urban communities we urge upon the members of the Genera Assembly that they consider the plea o the distressed. Pass the law!—*Th Louisville Herald, Jan. 25, 1924.*

ROTARY CLUB APPROVES LOAN INTEREST BILL.

Provisions of Measure Explained t Members.

Members of the Covington Rotary club Tuesday, indorsed the proposed bill t limit loan companies to an interest rat of 3½ per cent per month. Provisions o the bill were explained by Henry Jenisch, a member of the Board of Director of the club, which body had approved th measure, subject to the action of th membership. Jenisch stated that the bil had the indorsement of the Russell Sag Foundation and that its provisions wer in effect in other states. Kenton count representatives will be asked to suppor the bill, which, it was declared, will pu "loan sharks" out of business.

William Hoppenjans was appointe chairman of the Toronto Internationa Convention Committee and Dr. James A Ryan was named delegate to this convention, which will be held in Toronto i June.

The application of Paul Edwards o the Moeschl-Edwards Manufacturin Company for membership was approve

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ADDRESS WANTED.

We would like very much to get i touch with one, Luther A. Cherry an Beatrice Cherry his wife, formerly c 209 W. 20th St., Norfolk, Va. It is reported that they moved to Washingto D. C. to live with some of her people.

He is a steamfitter, and plumber b trade and is reported to be an active unio worker, is of medium build weighin about 155 lbs., is about 39 years old, an has sandy haid slightly curly.

They left Norfolk on November 28t last and every effort to locate them ha failed.

Trusting that you can give this matt a small space in your reports we are,

THE ATLANTIC SMALL LOAN CO.,
207 Granby Street,
Norfolk, Virginia.

LOAN SHARKS ON THE PAN.

Legislature Discusses a Small Loan Law.

TO LEGALIZE INTEREST.

WOULD BE UNLAWFUL TO CHARGE OVER 3½ PER CENT MONTH.

Frankfort, Ky., Feb. 6.— Heavy guns were trained upon the loan sharks when scores of speakers appeared before a legislative committee considering a bill making 3½ per cent a month the legal rate in Kentucky.

Following the lead of *The Kentucky Post* of Covington which pointed the way to loan shark victims and showed them how it was possible to get out of their clutches by the payment of 6 per cent interest on the money involved, speakers told of other holdups in other cities.

SMALL LOAN LAW.

The bill which is being pushed through the Legislature is known as the Russell Sage Foundation uniform small loan law. Its provisions were adopted by one Covington loan company, after *The Kentucky Post's* expose showed that as much as 100 to 200 per cent were being charged by the loan sharks. This company cancelled or refunded several thousand dollars to victims who wanted to settle at the legal rate.

Walter S. Hilborn, of New York acting director of the Russell Sage Foundation, spoke for the passage of the bill, contending that the money lenders of the larger cities of Kentucky were charging in some instances as high as 432 per cent.

MAXIMUM INTEREST.

Hilborn pointed out that the Kentucky statutes now provide a maximum interest of 6 per cent. If more is charged all that may be legally collected is the principal and 6 per cent, but there is no penalty for charging more.

Hilborn stated that the passage of this bill would drive the loan shark out of Kentucky.

Peter Campbell, labor leader, speaking against the bill, said he was still against and sort of a compromise with the loan shark, "Drive them out of the state" was his plea, don't legalize them."

INTEREST AT 3,600 PER CENT

Robbery at Bank of England.

London, Tuesday.—Interest at the rate of 3,600 per cent on loans obtained from money lenders was mentioned at the Old Bailey yesterday in connection with the theft of dividend warrants from the Bank of England, and the money lenders were censured by the judge.

John Joseph Targett, aged 26, bank clerk, and Margaret Scrivens, film actress, pleaded guilty and were sentenced respectively to six months and four months' mprisonment in the second division for stealing and receiving the warrants and forging and uttering them.

It was stated that the woman had received £250 from proceeds of the thefts and the man about £21.

Mr. Travers Humphreys, prosecuting, said that Targett practically on the first day that he was taken into the dividend department of the Bank of England began to steal dividend warrants. Scrivens cashed the dividends for their joint use. She opened accounts at various banks with them and she used the money to purchase goods at various shops.

DEFENCE'S PLEA.

Mr. Frampton, for the defence, pleaded that misrepresentations by money lenders were responsible for the appearance of the man and woman in the dock. Scrivens, he said, obtained a loan of £16 from a firm of money lenders, giving a promissory note for £24. She paid that £24, which represented interest at the rate of 3,600 per cent and was lent £40, for which she gave a promissory note for £60.

The money lenders told her they would lend her £150 if she paid back the £60. She succeeded in raising the £60 and paid it to the money lenders, but they then told her than they could not give her £150 unless she could find sureties. She met Targett at the money lenders, and after some conversation he agreed to steal divident warrants from the bank, and he did so and gave them to her to cash.

The Common Serjeant, in passing sentence, said that the money lenders were deserving of censure, because they knew the position of Targett in the Bank of England, and also on account of the manner in which their evidence was given at the police court.

ELKS BACK LOAN REGULATION BILL.

Louisville Lodge of Elks last night unanimously endorsed a proposed bill for regulating loan agencies prepared by Grover Sales, attorney. Mr. Sales addressed the lodge.

The bill is fostered by the Russell Sage Foundation and its passage by the Legislature is being urged by the Legal Aid Society. It would make the legal rate for loans three and a half per cent each month on unpaid balances. The present rate runs from a minimum of 120 per cent a year to 500 per cent, Mr. Sales said.

The measure excepts banks, building and loan associations and similar bodies.

The State banking commissioner would have charge of the supervision of the loan agencies, Mr. Sales said.

A similar measure was defeated at the last session of the General Assembly.

SMOKERS TAKE NOTICE.

I will send any member of the American Industrial Lenders Association some Red Burley smoking tobacco, just as it grows in the hills of old Kentucky, without a bad smoke in it, upon request. This is the nearest I can come to Old Bourbon.

CHARLES E. REED,
201-203 Coleman Bldg.,
Louisville, Ky.

CREDIT AND LOAN SHARKS.

Austin Carey, president of the Retail Credit Men's Association, Memphis, Tenn., incloses a list of bankrupts for one day, with the names of their creditors taken from the Court Reporter, and with reference to the article says:

"You will note in each case that nearly all of the creditors are loan companies. In fact, it is these companies who usually force the debtor into bankruptcy. He has assigned his salary to them and oftentimes has to take the bankrupt law or lose his job, as railroads and many other corporations do not like garnishments.

"This works a hardship on the other creditors, who have sold him on open account, and who are always willing to grant a reasonable extension. However, their account has to be declared by the bankrupt, and as there is seldom any dividend, the account is lost.

"It is the duty of the Retail Credit Men's association, and all other experienced business men to educate their more ignorant brothers to the fact that it is folly to deal with concerns that extract their 'pound of flesh.'"—*The Credit World, Feb. 1924.*

BANKING A PROFITABLE BUSINESS.

Philadelphia's national banks last year earned an average profit in excess of 31 per cent. This compares with about 5 per cent earned by railroads.

It is true that a good deal of the bank profit was earned by the accumulated surplus. But it is also true that most of this surplus represents profits of the past which were not distributed directly to share owners.

A noted banker said no honestly managed bank in the United States can fail. If true, that seems to put banking in this country in a preferred class. There are thousands of instances in other kinds of business where failures came on top of a thoroughly honest management.

Since national banks are under the direct eye of the Federal government, their large earnings disprove one Socialistic theory. The commodity sold by banks, on which they earn profits is service. Hence government-controlled service must rule at a high average price in order to show such substantial profits.

Yet there is rarely heard a complaint about the profits made in banking, whereas profits made in many another line are constantly assailed as excessive. Luckily for the banks, they are not constantly assailed as are some other forms of business by such railroad baiters as La Follette and Brookhard.—*Phila. Inquirer, Feb. 5, 1924.*

OHIO.

I regret that I was unable to transmit to you a report of our Mid-winter meeting in time for the February issue, and my only purpose in sending this brief report of the meeting is to let the readers of your valuable paper know that Ohio is still on the map and going strong, presenting as it always has done a unified front with absolute harmony existing among its membership and always alert for the betterment of the small loan business.

Our annual Mid-winter meeting this year surpassed in point of attendance and general interest manifested, any previous one.

The date, January 23rd, was deliberately chosen as a challenge to superstition and it proved itself to be a most beautiful day sandwiched between blizzard weather and proved so inviting that the seating facilities of the large upper dining room of the Chittenden Hotel was taxed to seat all of the guests at the banquet table.

The afternoon session resolved itself into a more or less free for all discusison of purtenant problems which now confront the loan business, such as methods being employed in some of the larger cities of Ohio by persons attempting to operate the loan business under some other name and thus escaping state license and state supervision.

The question of the recent ruling of the Attorney General that loan companies are hereafter to be taxed as banks, was also discussed and the opinions of several prominent Columbus attorneys rendered as to the legality of such taxation.

We regretted that our good friend Dr. C. G. Mueller was unable to be with us and we missed his genial smile and pleasant greeting, but we know that he is a busy man and cannot be everywhere at the same time.

Two new members were added to our list on that day, namely: The Marietta Branch of The Industrial Loan Company, which has its home office in the city of Columbus, and J. J. Aldrich's Finance Company, also of Columbus, Ohio, which upon motion duly seconded were elected into membership.

The questions discussed before the meeting were left with the Executive Committee with full power to act on the same for the best interest of the Loan Association.

At 6:30 o'clock p. m. the annual Midwinter banquet was served in the upper dining room in the Chittenden Hotel and was attended by 118 diners.

We were honored by the presence of Cyrus Locher, head of the Department of Commerce of the State of Ohio under which the division of remedial loan associations is lodged in Ohio, who delivered an inspiring address.

Music was furnished by the Ohio State University quartet and Mr. F. Carroll McMahon sang two delightful tenor solos.

The prize package of the evening was Dusty Miller, the editor from Wilmington, Ohio, who under the topic of "Explosion" proceeded to explode some of the dreadful theories carried around in our daily walk and conversation, and brought to us a message filled with mirth and optimism, which enthused and delighted all who heard him.

The following is a list of those present as subscribed at the dinner table:

Cyrus Locher, Dusty Miller, Galen Starr Ross, J. H. Dyer, L. K. Osborne, J. Fred Anderson, Thos. R. Schoonover, Col. D. H. Pond, E. C. Fox, C. L. Carlile, J. Gordon Parish, W. A. Legg, C. W. Rodgers, C. B. Shook, Milton C. Lakin, W. K. Waltman, E. F. McKee, R. C. Aufderheide, J. E. Roush, F. E. Matthews, Ben B. Jones, G. McRoley, L. E. Greer, B. F. Wunseh, D. R. Reynolds, H. R. Matthew, J. N. Woodruff, F. P. Corrdel, A. A. Naltner, Edw. E. Beyer, Clyde C. Woodley, J. C. Graham, C. G. Wiltshire, G. B. Grindle, John W. Keller, James C. Gaffney, H. N. Kurtz, T. L. Dunkle, L. T. DeWeese, Geo. Washing, C. T. Coon, S. J. Sutton, H. A. Riviere, Geo. W. Cofman, G. J. Dirksen, Wm. H. Boullt, Jr., P. A. Schneider, F. J. Schneider, Sidney L. Werthheimer, W. F. Erb, W. H. Shaw, J. W. Waddington, W. S. Scamaham, Fred B. Hill, H. G. Dunn, J. N. Smith, O. E. Campbell, M. Austin Potter, W. W. Hamlin, L. W. Newman, R. M. Fountain, E. L. Bromerston, C. G. Liggett, J. R. Beiter, J. J. Duke, Jay W. Haller, L. J. Strong, D. O. Marshall, W. W. Taylor, C. H. Sethman, O. G. Wordlaryo, Ed. B. Janet, S. R. Shank, O. H. Dyer, Edw. Linton, J. J. Aldrich, S. S. Havice, A. B. Pechinpaugh, R. V. Barto, O. H. Perry, B. L. Thumb, F. M. Curry, Louis D. Johnson, Raymond R. Heath, R. E. Blair, Meeker Terwilliger, H. L. Young, W. L. Merritt, C. B. Ogle, John C. Newton, J. E. Roby, John H. Zeitler, E. F. Smith, J. P. Michael, F. M. Eymon, A. H. Leibbrand, C. A. Bower, W. M. Carr, W. A. Doody, C. R. Dudley, H. B. Pierce, Hazard Okey, Geo. B. O'Key, Hantz R. Jones, S. L. Cotter, A. C. Armstrong, L. Ewing Jones, Carl H. Boehm, Chas. A. Hatch, F. Carroll McMahon, Chas. D. Hayden, C. V. Trott, D. E. Throckmorton, Norman E. Beck, John M. Elliott, Byran Cooper, B. W. Jenkins, T. Edw. Davis.

J. Fred Anderson, *Sec'y-Treas.*

ILLINOIS.

One of the joys of being National Secretary was experienced by a telegraphic call from Fred. Tyson, Danville, Sunday, February 17, for some printed matter by special delivery. The fifty copies of Hilborn's "Philosophy of the Uniform Law" went forward all right as requested but not until "Fred" had a chance to write, was the purpose known nor the curiosity of the National Secretary satisfied. Let "Fred" tell it himself in his own way and each member confronted with a similar problem may learn from this valuable experience.

Mr. William F. Baldwin,
Sec'y. Retail Merchants Credit Ass'n,
Danville, Illinois.

Dear Sir:

An erroneous impression seems to exist in the minds of some of the members of your Association, as to the effect, upon the credit of an individual, of a loan of money secured on his or her household furniture.

This has been brought to our atention by the statements of several borrowers who have been refused credit for the reason that they "had a mortgage on their furniture." This, of course, may not have been the real reason, but it was the one given in the cases mentioned.

We are not members of your Association not because we are not in full sympathy with its objects, but merely for the reason that we have no open unsecured accounts and, therefore, credit rating, in the ordinary sense of the term, is of no value to us. Indeed, often an individual who has no credit elsewhere turns to us and is able to get money to settle some if not all his debts.

People do not borrow money of us to put in the bank—think that over for a moment. What do they borrow for? A large number—a very large number, borrow to pay debts—debts owing to you and to the firms you represent. They borrow expressly to make their word and credit good—they borrow from us and pay interest on the money because they are inherently honest and do not want to "beat" their bills.

Others borrow for various reasons, such as, to make cash purchases from you, to pay life or fire insurance premiums, to make a first payment on a home, to pay the doctor or hospital bill—yes, even the undertaker sometimes demands his money before he will perform the last rites for a member of the family.

Your attention is called to the fact that the small loan bank is now and has been for a number of years conducted on a fair, open and legalized plan, with all the safeguards to the investor and customer that surround the ordinary State Bank. If you have in mind abuses of the past, such as extortionate interest or the effect of drastic collections it might be well to look into the present day condition of this necessary and vital business. It is a business to-day that requires capital, efficiency and responsibility. This is conclusively shown by the fact that the State licenses issued show a decrease of nearly fifty per cent of those issued the first year of operation under the present law.

The Russell Sage Foundation is now engaged in making a survey of the small loan business in this country and they are at work at this time tabulating, from over 10,000 questionnaires, information secured from actual borrowers, such as age of borrowers, accupation, wages or salary received, reason for borrowing and many other questions pertinent to a survey of this kind. This survey when completed will astonish many at the facts presented, such as, the necessity for the business, the capital engaged in it and other facts not generally known, especially among business men who have no occasion to use, the kind of service furnished.

Do you know, for instance, that 86 per cent of the earning population of these United States earn not to exceed $2,000 per year?

Statistics are dry things, but let me quote here the report of the Bureau of Economic Research on the distribution of income for the year 1918, the most recent and reliable yet made. This estimate excludes 2,500,000 soldiers, sailors and marines.

"Of 37,569,060 persons in the United States receiving incomes in 1918 about 14,558,224, or 39 per cent received less than $1,000 per year. 27,056,344 or 72 per cent received less than $1,500 per year and 32,278,911 or 86 per cent received less than $2,000 per year."

Think of it, 86 per cent earning less than $2,000 per year and nearly half of these not earning to exceed $1,000 per year. Where are these people to turn in an emergency? The banks will not accommodate them and some of you think it is a black mark against their credit, at least, if they try to help themselves. However, this is not an argument for the small loan business, but is an endeavor to show the error of a bad credit rating solely for the reason that money has been borrowed on household goods.

Do you realize, gentlemen, that this security is almost entirely exempt property—property that you cannot touch for your bill, and yet these people who borrow practically waive this exemption in your favor by giving us a mortgage for money to pay you? Does this look like dishonesty?

Does this business work a hardship on the borrower, render him homeless, thereby placing him in a position where he is unable to meet his living obligations? Your attention is called to the fact that while no foreclosure of household effects can be prosecuted except in a court of record, the records of Vermilion County Court reveal but two of these foreclosures in the past two years and neither of these cases represented a small loan business.

Members of your Association who sell on installments or time payments ought to be the best business friends the small loan man has, for thousands, yes, literally thousands of accounts are paid installment firms with money borrowed from the loan companies. More often these claims are not paid directly by the loan concern; rather the practice is to give the borrower the money with instructions to settle the claim and bring back a receipt in full and it will surprise you to know that rarely is this confidence abused.

The truth is that credit is largely based upon character, ability and willingness to pay, rather than upon any real assets. This being true is it not a fact that people who borrow from loan companies, as a class, are a better risk than other individuals with no assets that can be attached, for remember the borrower obtains money to pay debts or to put into circulation in some manner, but never to keep. An individual who borrows, if he is a fair customer, can always borrow again and he is an easier person to collect from for he knows where to go to get money when the time comes that he must pay and does not have it.

You may say that this money has to be repaid, which is true, but loan concerns collect it in a way the merchant would not—a small amount at a time over an extended period. It is well known that most merchants have a poor collection system and that, together with the fact that the legal redress is poor in most instances, makes a bad combination.

An extended argument could be made along the lines here brought to your attention, but enough has been written, we think, to show that instead of being bad risk, borrowers are often a better risk by reason of their loans, for such loans show an honest intention to pay.

We think it true, to an extent at least, that the borrower gradually becomes an improved credit risk. We instill the spirit of saving, thrift and regularity in meeting demands. These in themselves necessarily develop the responsibility of obligation in the individual.

Of course, we do not advocate the granting of credit simply for the reason that an individual is a borrower; other things must be taken into consideration as well, but the point is made that by itself, the borrowing of money on furniture, does not indicate a bad risk.

The loan concerns in Danville have nothing to ask of your Association and only place these fundamental facts before you for your consideration in order not only to correct what we believe to be a credit error, but to show as well how every line of business is more or less mutually dependent on other lines of endeavor in the same community, so that only the friendliest feeling may exist and the greatest amount of practical coöperation be had. If it meets with your approval, the writer would suggest an open meeting of your Credit Association where these matters could be informally and openly discussed. I cannot help but feel that such a discussion would end many of the misunderstandings relative to this line of banking that has apparently become embedded in the minds of some of your members.

Wishing you and your organization an effective and productive future, I am,

Very sincerely yours,
Fidelity Loan Company,
By F. E. Tyson.

February 19, 1924.

Dear Mr. Kehr:

Received the booklets this morning—no they were delivered to my house last night. I am herewith enclosing my check for $5.32 to cover cost of booklets and postage.

Good old George; Johnny on the spot when anything is wanted. I am very appreciative and it will interest you to know that they arrived in plenty of time.

We have had just a little difficulty with a couple of credit men belonging to the Retail Merchants Association who went out of their way in refusing credit, to tell the individuals that it was for the reason that they had "a mortgage on their furniture."

Using this as an excuse and a reason, we addressed a letter to the Secretary of their Association, feeling that the time was ripe for us to give these credit men and the merchants a little information about our business.

In this letter we ask for an open meeting at some future date when we could discuss the subject and without going into a lot of detail will state, much to our surprise, that they have arranged such a meeting for the 21st inst. and that is what I wanted the booklets for.

I have always thought that I was in very excellent standing in my community for a loan man, but at the same time realized that few business men had any conception of our business and thought it was a worth while opportunity.

Of course we cannot tell until the meeting what kind of an impression we are going to make, but I thought it important enough to have Mr. Charles R. Napier of Chicago down to give a little talk.

Perhaps the fellows in some other town have this problem, although I imagine all of us have it to a more or less degree and so for that reason am sending you herewith a copy of the letter we sent this local association. You are welcome to make any use of it, either publicly or privately that seems best to you or to put it in your files for future reference.

Again thanking you for your prompt response and with kind personal regards, I am,

Yours truly,
F. E. Tyson.

February 23, 1924.

Dear Mr. Kehr:

Your kind letter of the 21st inst. is at hand and am pleased to know that you think so well of our efforts with our Merchants' Association.

We had the letter, of which I sent you a copy, printed and distributed to each person attending, together with the "Philosophy of the Uniform Small Loan Law."

I am enclosing copy of the printed letter and have a few more of them, if for any reason you should want them, or any of them.

We had nearly fifty at the meeting and from our standpoint, thought it was very successful. Mr. Napier made a splendid talk and told them about the small loan business. We had our local manager at the meeting, as well as one of our stenographers, who formerly worked for a concern that was a member of their association.

After Mr. Napier got through, their other speaker, Mr. H. F. Sehmer, Secretary of the Peoria Merchants Association, got up and in a stem winding talk declared that everything that Mr. Napier had said was all right and that the Peoria Association and the loan men in that city worked in very close coöperation and that they in Danville were making a big mistake if they did not take the loan business into consideration.

We knew this man Sehmer was friendly to us, but had no idea that he would back us up to such an extent and coming from one of their own members, the Secretary of an association three times as large as the one in Danville, it just clinched everything we had told them and a number got on their feet and stated that this gave them an entirely different opinion of the loan business and that they were glad of the information.

After the speaker had finished, there was general discussion in which questions were asked and answered and on the whole we feel very well pleased and satisfied.

We have had no trouble here whatever and no open criticism, but we felt that if we could give these few people a different idea of our business, that it would do us a lot of good eventually.

Personally I feel that it is a very good field, for in the instance you cite in Virginia it would have perhaps done much good to have had this secretary better informed. Then too, the merchants and credit men are the people who come in direct contact with the folks we deal with and if occasionally instead of a knock, we get a boost from them, it would help a lot. Then there is the other angle, of the effect on public opinion if the merchants thought you were all right and a useful member of the community. It would certainly be a factor in helping to sustain the law.

If there is any good in this I am certainly glad to pass it along and I hope it will encourage others to take action when they have an opportunity.

With kind regards and again thanking you for your coöperation in this matter, I am,

Yours truly,
F. E. Tyson.

MARYLAND.

The Maryland Industrial Lenders Association held their monthly meeting in the Board Room of the Merchants & Manufacturers Association Building, 22 Light Street, Baltimore, Md., at 7:30 p. m. on Tuesday, February 12, 1924.

Those present were: C. A. Gardner, United Finance & Security Corporation; J. E. Turner, Herman Lappe, Community Finance Service Company; E. E. Hougham, Howard Hood, Atlas Loan Company; George W. Holden, Edward O'neil, Beneficial Loan Society; W. F. Oliver, Jr., E. P. Hammaker, Household Finance Service Company; J. D. Goldrick, Union Loan Company; H. T. Mattingly, Master Loan Service, Incorporated, H. C. Moore, Peoples Finance Service Company.

C. H. Watts, Chairman of Legislative Committee of the American Industrial Lenders Association, and A. G. Zimmerman, Supervisor of the Beneficial Loan Society being our guests.

The meeting was called to order by Chairman Gardner.

Report of Officers.

The Treasurer reported cash on hand $230.17, as of February 12, 1924.

The Secretary reported a membership of 17—10 in good standing as of January 1, 1924—14 are also members of the American Industrial Lenders Association, all of which are in good standing as of February 1, 1924.

Reward Cards and 1924 Membership Certificates are ready to be distributed just as soon as we obtain Vice Chairman Thompson's signature to the Certificates.

To date no appeal has been taken in Judge Bond's decision, re-the Salary

Purchasing Companies. Anyone who desires a copy of Judge Bond's decision can obtain it from the *Baltimore Daily Record*, 15 E. Saratoga Street, Baltimore, Md., under date of January 25,1924.

REPORT OF COMMITTEE

Mr. Oliver of the Membership Committee submitted the name of the City Finance Company, Equitable Building, Baltimore, Md. for membership, seconded by Mr. Goldrick.

The Atlas Loan Society, 111 W. Lexington Street, Baltimore, Md. was elected to membership.

Clarke & Co., Baltimore, Md. suspended for non payment of dues.

Chairman Gardner has appointed the following Committee Chairman to serve in connection with the National Convention which will meet in Baltimore, September 24-27, 1924.

Entertainment Committee, E. E. Hougham; Publicity Committee, H. T. Mattingly; Hotel Committee, W. F. Oliver, Jr.; Finance Committee, J. D. Goldrick; Ways and Means Committee, L. F. Eckhart.

NEW BUSINESS.

A general discussion as to the form of mortgages the lenders were using took place. Most of the members are using a standard mortgage with a real estate clause printed therein with the additional paragraph as follows:

"And the said mortgagors consent that a decree may be passed, for the sale of said property, (the sale to take place after a default in any of the covenants or conditions of this mortgage shall have occurred) under the provisions of Sections 720 to 732, inclusive of Chapter 123, of the Laws of Maryland, passed at the January session in the year 1898, or any supplements or additions thereto; or upon any such default and sale may be made by the mortgagees or by their duly constituted attorney or agent under Article LVXVI, Section 6 to 10 inclusive of the Maryland Code, (1904 Public General Laws)."

The cost of recording mortgages varies from $2.75 to $3.75. For instance a mortgage containing not over five lines of household furniture to husband and wife, recording feeing being $2.75, if over five lines to husband and wife $3.00, with real estate additional 50 cents, with an extra signature 25 cents additional.

Chairman Gardner called attention to the splendid work a few of the members had accomplished by their close coöperation with railroad companies and other employers of labor in the way of curbing the activities of the so-called salary buying business. We understand State Senate President McIntosh in all his magnanimity of mind has seen the evil that would eventually fall to the community and the hardships the laboring men would suffer provided this matter was not adjusted, therefore, with the assistance of the Russell Sage Foundation, B. & O. R. R. Co., and others who are interested in the uplift and general welfare of the small loan business, has submitted a bill down at Annapolis which if passed will be the means of forcing so-called brokers to do a legitimate business in Maryland.

Mr. Watts explained in detail the value of President McIntosh's bill and the Association went on record as approved and recommended the bill as Mr. Watts outlined.

Mr. Watts was given a rising vote of thanks in behalf of the Maryland Association for his vision and close coöperation in helping those interested in correcting and improving our present small loan law.

Upon suggestion of Mr. Watts that a committee be appointed to call on the advertising managers of the Baltimore newspapers and endeavor to have all Industrial Lenders Advertisements listed under one head not to be classed with Real Estate, Second or Third Mortgages or Pawn Brokers' advertisements.

Chairman Gardner appointed Messrs. Oliver and Holden to contact the newspapers in this connection.

The matter of Incorporating the Maryland Association has been lying dormant for a few months, therefore Chairman Gardner requested Mr. Mattingly to instruct Attorney Bryant to proceed with the matter of incorporating at once.

The remainder of the evening the members discussed, publicity, hotel, entertainment, program and in fact the National Convention in general.

The committees appointed were instructed to immediately get busy.

Upon motion of Mr. Mattingly, seconded by Mr. Watts, the meeting adjourned until Tuesday, March 11, at 7:30 p. m.

H. C. MOORE, *Secretary.*

RHODE ISLAND.

A well attended meeting of the Rhode Island Industrial Lenders Association was held on Wednesday, January 16th at the Providence Biltmore Hotel.

The meeting was called to order by Chairman Wood and those present were Arthur L. Wick, Philadelphia, Pa; W. G. Wood, W. Delaney and G. Smith of the Citizens Finance Service Co., Providence; J. H. Wickstrom, Peoples Finance Service Co., Providence; S. Moran, Mutual Finance Service Co., Providence; H. T. Chase, Peoples Loan Co., Providence; H. G. Neal, Chester-Neal Co., Providence; F. N. Kennon, Peoples Finance Service Co., Pawtucket; G. E. Rich, Mutual Loan Association, Pawtucket; J. R. Smith, Blackstone Loan Co., Pawtucket; F. A. Pomfret, National Loan Co., Pawtucket; G. F. Lewis, Mutual Loan Association, Newport.

Mr. G. F. Lewis of the Mutual Loan Company of Newport whose application was passed on, was duly elected a member of the Association. Mr. Lewis is an interested and active worker and has promised to attend every meeting.

Mr. Wickstrom was appointed to arrange for the engrossing of the Merit Cards as well as the 1924 Membership Certificates and mail the certificate and card to each member when finished. The framing of the card and certificate to be taken care of by the individual members.

On Mr. O'Neal's motion, seconded by Mr. Rich, a regular meeting date was set. After a short discussion the members favored the second Tuesday of each month. If it should so happen that this day be a legal holiday the meeting would be held the following day.

A motion made by Mr. Wick that an entertainment committee be appointed to arrange for a definite subject to be discussed was favorably received. Mr. Kennon and Mr. Rich were appointed and can be counted on as furnishing the members with an interesting subject at each meeting.

A letter from Mr. Lovegrove, now located at Bridgeport, Conn., representing the Mutual Finance Service Co., of Providence, was read and answered by the Chairman. It is hoped that Mr. Lovegrove will be able to attend our next meeting so as to fully discuss the meaning of his letter. The matter was laid on the table for future hearing.

Mr. Chase made a motion that the Association show its appreciation by giving Mr. Wick of Philadelphia a vote of thanks for his work in connection with the printed matter that was handled so efficiently and at a cost considerably less than it could be obtained if ordered individually. An amendment by Mr. Pomfret was made on this motion to give Mr. Wick a rising vote of thanks. This amendment was carried unanimously.

Mr. A. L. Wick of Philadelphia and Mr. W. G. Wood of Providence again talked of the importance of an exchange bureau and its advantages. The elimination of the repeater, so harmful to the business and the borrowers themselves, could be a reality if every member expressed a willingness to start this exchange of information.

After considerable round table discussion, the proposition was laid over until the next meeting.

Mr. Wickstrom was appointed to ascertain whether it would be possible to secure a reduction in the cost of recording mortgages through having a uniform mortgage and it being printed in the record books of the City Hall instead of having it recopied in full on the typewriter by the clerks, Mr. Wickstrom to report at next meeting.

There being no further business to be transacted the meeting adjourned.

J. H. WICKSTROM, *Secretary.*

VIRGINIA.

The fifth annual meeting of the Virginia Industrial Lenders Association was held at Hotel Richmond, January 24, 1924.

The business meeting was called to order by Chairman Pope at 10:30 a. m.

The Secretary called the roll and the following members were represented:

Citizens Loan Society	Norfolk
Empire Loan Company	Norfolk
Beneficial Loan Society	Norfolk
Universal Small Loan Co.	Norfolk
Atlantic Small Loan Co.	Norfolk
Norfolk Security Company	Norfolk
Portsmouth Security Co.	Portsmouth
Beneficial Loan Society	Portsmouth
Beneficial Loan Society	Roanoke
Universal Loan Society	Suffolk
Beneficial Loan Society	Lynchburg
Federal Security Company	Lynchburg
Citizens Loan Society	Richmond
United Small Loan Corporation	Richmond
Home Guarantee Company	Richmond
National Small Loan Service	Richmond
Richmond Small Loan Co.	Richmond
Beneficial Loan Society	Richmond

We also had with us V. D. Moss, of Philadelphia, George Hodson of New York, and H. J. White of Washington, D. C.

COMMITTEE REPORTS.

Secretary.

Secretary Bray reported that on Dec. 1, 1922, we had 14 members. Resignations during the year, 1. New members admitted during 1923, 9. Making total membership Dec. 1, 1923, 22, and all members in good standing with dues paid to date in both the State and American Associations. Total licensees in the State, 34. On motion of Mr. Cross, seconded by Mr. Edge, the report of the Secretary was adopted as read.

Treasurer.

Treasurer Cross reported that receipts

for the year were $1,019.28. Disbursements, $753.87. Bank balance, $265.41. He had also checks from various members, $122.50, which he had not deposited yet, which made a total cash on hand $387.91. Mr. Cross requested an audit of his books.

Mr. Hodson moved that the chair appoint a committee to audit the Treasurer's report and report back to the meeting at the afternoon session. The Chair appointed Messrs. Moss, Edge and Herbert.

Publicity.

Mr. Bradshaw stated that he had got a report of all the meetings held in the newspapers of the cities in which they were held.

He also stated that they had planned to put on a Publicity Campaign in Lynchburg, such as the Indiana Association had, but the Executive Committee in conjunction with the Publicity Committee, decided to postpone the campaign, owing to the fact that the Legislature would soon be in session.

The different offices in Lynchburg distributed 500 pamphlets "Small Loan Legislation Progress and Improvement," by Arthur H. Ham, and 500 more entitled "Philosophy of the Uniform Small Loan Law," by Walter S. Hilborn.

He said they could have accomplished a great deal more, but lack of funds prevented.

Chairman Pope spoke of what had been done during the past year and was not satisfied with the progress made. He spoke at some length regarding the Clearing House and explained the system they had operating in Richmond and the benefit they had derived in getting away from doubling up.

He told of the special meeting that was held at Richmond by the Executive Committee regarding the conditions at Lynchburg. Attorney Carrington had been retained to go down there and straighten things out, and also supervise all bills introduced during the present Legislature pertaining to our business, and Mr. Carrington had done good work, and they had decided to cancel the publicity campaign in Lynchburg.

Mr. Moss brought up the subject regarding the assessment of each member of $6.76 for the Publicity Campaign in Lynchburg, and the offices made their contribution with the understanding that the money would remain in the treasury.

Upon motion of Mr. Cross that the money be retained in the treasury, seconded by Mr. Moss, this was unanimously carried.

Communications.

The Secretary read a letter received from our National Chairman Dr. C. G. Mueller, regretting that he was unable to attend the meeting on account of having another engagement, but hoped to be with us at some future time.

He also read a letter received from the National Publicity Chairman, Mr. Roy F. Hartz, regarding the booklet containing the address of Mr. C. H. Stratton, entitled "A Business Little Understood." The cost of these is $1.65 per hundred, and $2.00 for name printed on, but the same price for name in lots of 500. The Secretary told the members that he would be glad to receive any orders and forward them on to the National Chairman of Publicity.

New Business.

Chairman Pope called on members of different cities as to how the clearing was working in their respective cities.

Mr. Herbert of Richmond stated that all members with the exception of two were coöperating splendidly now.

Mr. Bradshaw of Norfolk reported that it was not working satisfactorily in Norfolk, and that only five out of twelve offices were coöperating.

Mr. Herbert of Roanoke reported that only two members out of three were reporting and this was not satisfactory.

Mr. Hillman of Lynchburg stated all members in that city were coöperating now and this was very satisfactory.

Mr. Pope read resolutions on rules governing the Clearing House in Richmond.

Mr. Moss asked Mr. Herbert to explain how they were handling bankrupts. One point in the rules stated that no member must make a bankrupt a loan without he gave new papers to the office he had been dealing with, as they had to stand the loss. Of course the loans would be taken up if they didn't amount to more than $300.

Mr. Hodson said that he thought that no bankrupt should be allowed to make a loan without paying off the company that had suffered the loss, and if they owed too much that any company could not take it up and keep within three hundred limit, he should be made go back and do his business with that office he had gone bankrupt with.

Mr. Hodson made a motion that the association go on record favoring a uniform clearing house for each city and that the Chairman appoint a committee of two to act with himself to act for the State, subject to local conditions. Mr. Bradshaw seconded the motion and it carried unanimously.

The Chair appointed Mr. Herbert of Roanoke and Mr. Moss to act with him.

Outstanding Bills.

The Secretary submitted bills from Marcus & Williams for membership certificates, $5.68; expenses of Clifford S. Phillips to Lynchburg, $24.87; American Industrial Lenders Association for 500 copies Small Loan Legislation and 500 copies of Philosophy of Small Loan Legislation, $20.00. On motion of Mr. Moss, seconded by Mr. Edge, the Treasurer was instructed to pay these bills.

Mr. Moss brought up the subject of advertising, and he was in favor of setting a limit of the number of lines used. Mr. Pope was in favor of making the limit 25 to 30 lines. After much discussion, the matter was dropped as the members were too much divided on the subject.

The Chair moved that as it was getting late, we leave new business over until after recess and proceed with other business. This was carried.

Applications for Membership.

Mr. Herbert submitted application of Universal Small Loan of Richmond; Mr. Bray submitted application of Tide water Small Loan of Norfolk; Mr. Cross submitted application of Standard Credit Co. Richmond; Mr. Edge submitted application of Seaboard Security Co. Richmond.

Mr. Hodson moved the Secretary make one ballot. This was done and all were unanimously admitted to membership.

Recess.

The Chair called the afternoon session to order at 2:45 p.m. Mr. Moss, for the Audit Committee, stated that they had examined the Treasurer's report and found it correct.

Mr. Hodson moved the report be accepted and placed on file. This was so ordered.

Mr. Hodson spoke of the necessity of getting every licensee a member of the Association, and the members agreed to make an effort to do so.

The Secretary reported that we had no copies of the by-laws to give out to new members. Upon motion of Mr. Pope seconded by Mr. Hillsman, the Secretary was ordered to have 500 copies printed.

Mr. Pope brought up the subject regarding a Program Committee to act for our next meeting. He thought we ought to have the members write up subjects pertaining to our business and read it at our next meeting. This was acted upon favorably and the Chairman and Secretary were instructed to designate speakers and subjects.

Mr. Hodson moved that a vote of thanks be extended to the retiring officers. Carried.

Election of Officers.

The Nominating Committee consisted of Messrs. Cross, Bray, Edge, and Herbert. L. E. Pope, F. Bray, R. W. Herbert, F. W. Bradshaw, J. S. Edge were elected members of the Executive Committee.

The following officers were elected:

L. E. Pope, Chairman; J. S. Edge, Vice-Chairman; F. Bray, Secretary; W. F. Bradshaw, Treasurer.

Executive Committee, R. W. Herbert, Chairman.

Membership: R. F. Reynolds, Chairman, Messrs. J. A. Hillsman, F. Bray and J. B. Herbert.

Publicity: C. S. Phillips, Chairman; Messrs. J. A. Hillsman, J. B. Herbert and J. E. Burnett.

Legislation: George Hodson, Chairman; Messrs. V. D. Moss and W. F. Bradshaw.

It was decided that our next meeting be held in Richmond, Thursday, April 24th. The other arrangements left to the Entertainment Committee. The Chair appointed Messrs. E. Biel, J. E. Burnett and R. F. Reynolds on the Entertainment Committee.

There being no further business to transact the meeting adjourned at 5 p.m.

Banquet.

We had an enjoyable time at the banquet. Plenty of good speeches and plenty of good things to eat. Mr. Richard Carrington of Richmond acted as toastmaster. We also had with us as guests Mr. F. Briggs Richardson, Vice President of the Central National Bank of Richmond; Mr. Bristow, Chief State Bank Examiner; Mr. W. S. Burnly, State Examiner of Small Loan Licensees and Mr. G. M. Smithdeal. All these gentlemen gave splendid addresses.

It was the unanimous opinion that this was the best meeting ever held in Virginia. Frank Bray, *Secretary.*

GOING FAST.

Persons who want the A. I. L. A. Year Book for 1923 should send their orders accompanied by a dollar at once to the National Secretary, Box 778, Harrisburg, Pa.

A big demand for the Book kept up during the whole of January and February and it came from all parts of the country, so that few copies are left.

INCORPORATED 1923

Industrial Lenders Mutual Insurance Co.

700 Equitable Bldg., Wilmington, Del.

To All Industrial Lenders:

The industrial loan business has attained sufficient magnitude and importance to justify the organization of a trade mutual for assuming various lines of insurance, such as money lenders are accustomed to carry in stock companies.

The number of industrial loan offices that have taken membership in this company assures sufficient premium income to produce a conservative loss and expense ratio. The premiums charged are at the same rate as stock companies charge, but it is the expectation of this company that there will be sufficient savings to enable us to allow a credit of 50% of the first annual premium for credit reduction of the premium for the ensuing year and in addition thereto, set aside a substantial sum for accumulating a large surplus fund.

The operating expense is small.

The classes of insurance to be effectuated are as follows:

1. Fire (and lightning) insurance on loan office furniture and fixtures.
2. Office robbery (hold-up and safe cracking) of loan offices.
3. Funeral benefits (group plan) for officers and employees.

On funeral benefit insurance (Class 3) premiums are paid by the loan company beginning after three months' employment on insurance of $500, this amount increasing with each year of service at the rate of $100 until a maximum of $1,000 is attained.

Individual and chain office lenders are invited to apply for particulars, stating the class of insurance in which they may be interested immediately or give date of expiration of present policies. Evidence of the coöperative spirit is both desirable and helpful.

Our inquiries show that industrial lenders have collected losses of small proportion only on premiums paid to insurance companies heretofore, while under this plan a large portion of the premiums will be refunded by way of dividends on annual renewal.

Another meeting will be held shortly to elect additional representatives of loan office members of this company to membership upon the board of directors. The purpose of this company is to operate in the interest of all lenders and not for any group or interest, as was explained by Mr. George Hodson at the last National Convention of the American Industrial Lenders Association at Louisville.

For further particulars address

R. C. McKEE

135 BROADWAY NEW YORK CITY

INDUSTRIAL LENDERS NEWS

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VOL. VIII, No. 10. APRIL, 1924. Price, $1.00 a year.

APR 12 1924

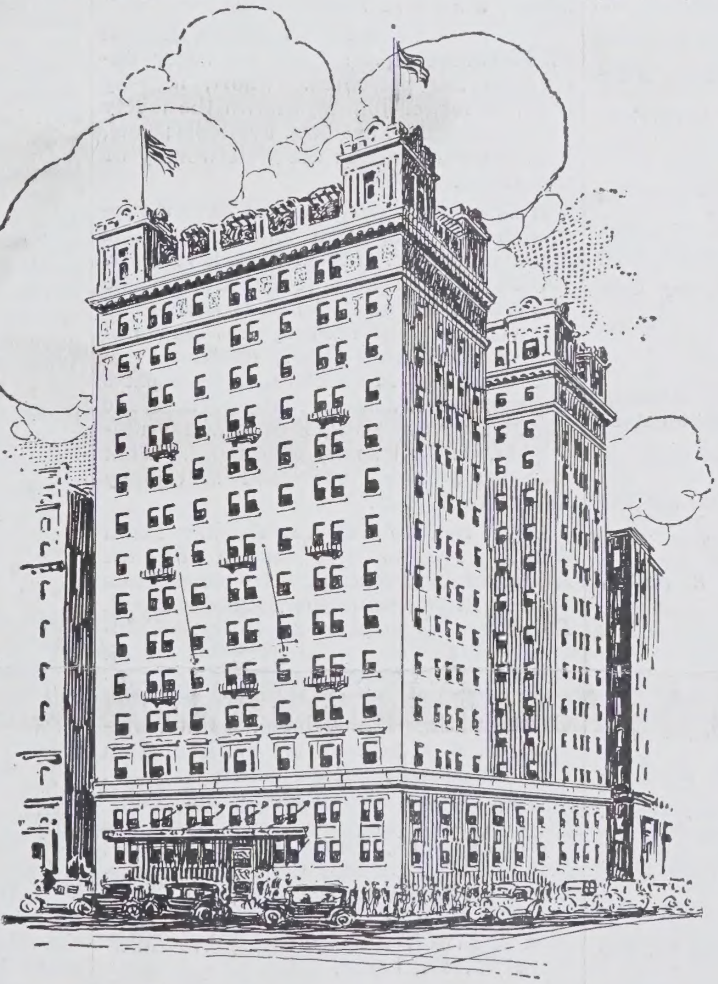
The Ideal Convention City Extends a Hearty Welcome to Lenders

Baltimore is one of America's most delightful convention cities. It possesses the peculiar attributes needed to make a convention city both attractive and successful. It has a fine group of modern hotels, equipped to meet the requirements of a convention session. It has a very marked diversification of business, which opens up the needed points of observation which will help any type on convention. It is an active and progressive commercial city. It is up-to-date in its general development. Its mercantile and industrial units are a credit to any city. Its artistic and structural embellishment make it a charming city to the eye; and its residential lay-out is one of the finest in the country.

If strong and persistent forward strides are an evidence of progress, Baltimore is in the very center of a progressive throb. All three of the angles of her underlying business factors are flourishing. Business opportunities are multiplying. Business harvests of handsome profits are becoming more plentiful. Even the general physical appearance of the city itself is growing more beautiful every day as an evidence of this expanding prosperity.

A city whose wholesale and jobbing activities, as reflected in annual sales, has jumped from $285,000,000 six years ago to nearly $600,000,000 in 1923, certainly shows that it is pulsating with enterprise. A city whose annual industrial output has leaped from $400,000,000 six years ago to nearly $700,000,000 in 1923 is surely demonstrating that it belongs in the top group of America's manufacturing centers. A city whose overseas tonnage movements are the third largest on the Atlantic coast and whose inter-coastal tonnage is second largest on the east coast is beyond all question proving its right to be listed among the most important shipping ports of the nation.

Such is Baltimore! As a wholesale market this city belongs in a category with New York, Philadelphia, Chicago and St. Louis. As a manufacturing city, Baltimore should be ranked with Cleveland, Pittsburgh, Boston and Buffalo. As a shipping port, Baltimore is in the same high class with New York, Boston, Philadelphia and New Orleans. These assertions are not mere propaganda. They are straight, indisputable facts. They are the facts that justify the utterance that Baltimore is one of the nation's commercial, industrial and shipping centers.



SOUTHERN HOTEL, BALTIMORE, HEADQUARTERS FOR THE TENTH ANNUAL NATIONAL CONVENTION, SEPTEMBER 24 TO 27.

When it is recalled that Baltimore's industrial employment list in 1922 passed the 120,000 mark it can readily be seen that manufacturing here has lifted Baltimore to a high rank nationally as an industrial center. Indeed, Baltimore's rating has made it possible for the state of Maryland, as a whole, to be classified as the seventeenth manufacturing state in the Union. This represents in Baltimore City for 1922 an annual pay-roll of $101,000,000 despite certain wage reductions which have marked the year. These activities are predicted upon an industrial capitalization of $510,000,000; and the year 1922 witnessed an aggregate production valued at $654,000,000. Such a wide range of manufacturing puts Baltimore in the buying field in the purchasing of raw material to the tune of $400,000,000 in 1922.

Special Features: Baltimore's climate more closely approximates the ideal average of California than any city east of the Mississippi. The city is located on rolling land, with water facilities and attractions all around it. Smooth streets are superabundant; the drinking water is excellent and in voluminous supply; the sanitary conditions are of the best, with a sewerage system so good that it has an international reputation.

Public Parks: No city has a prettier layout of attractive parks. Big and noted Druid Hill Park is praised by everybody who sees it. The whole park system is interlinked with fine, broad boulevards. All the miscellaneous pleasure features, incident to an up-to-date park development, are here in plentiful supply. Boating on lakes, swimming pools, playgrounds, golf links, tennis courts, base ball diamonds and all else that is attractive! All parks within and without the city are readily accessible by trolley.

Pleasure Parks: Few cities are so fortunate in the number, character and excellent equipment of their pleasure parks. They are in the city and in the near-by suburbs. Beautiful parks are located on the Patapsco River and Chesapeake Bay, thus affording all the diversions incident to deep-water pleasures. Boating, swimming, fishing, hydroplaning and bathing of the best kind. Finely conducted summer parks, with the best and most up-to-date fun-making apparatus and amusements are a popular feature. Light opera in one of the attractive summer

INDUSTRIAL LENDERS NEWS

Established 1916.

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parks is a special and fashionable attraction.

Automobile Rides: Maryland is known the country over for her splendid automobile roads. Baltimoreans enjoy the finest variety of automobile riding in the country. Everything from flat plane to rugged mountains in within easy reach. Baltimore's residential section and suburban environs are beautiful enough to satisfy the most exacting. Washington, the capital city, is less than forty miles distant. Annapolis, the seat of the Nation's Naval Academy, is less than twenty-five miles distant. Within fifty miles is historic Gettysburg. A multiplicity of lovely, wooded, picturesque drives radiate in all directions. And the automobile puts everybody in easy touch with all kinds of seductive spots along the water-front.

Theatres: Baltimore is exceptionally well supplied with "regular" theatres and movies. Baltimore claims some of the handsomest and most attractive moving picture theatres to be found in any of our metropolitan centers. Some of these are equipped with elaborate and well-conducted ballrooms—patronized by the best people in the community. Cabarets of the better type are likewise featured amidst attractive surroundings.

Excursion Resorts: Of course, situated as Baltimore is, all kinds of water excursions are presented. Short, near-by trips, or longer journeys down the lovely Chesapeake Bay, are both available; and, both beyond question are well worthy of enjoyment.

Hotels: Baltimore's hotels have a reputation for fine food and comfortable accommodations. Maryland is a veritable garden for the best food. Chesapeake Bay yields the most delicious seafood in the world. Maryland oysters and fish have a world-wide fame. Eastern shore and Southern Maryland are two parts of the state whose trucking gardens are sought by New York, Boston and Philadelphia, as well as by Baltimore. That is whence comes the food served by Baltimore Hotels.

Begin now to plan for the big Tenth Annual National Convention of the American Industrial Lenders Association which will be held at the Southern Hotel, Baltimore, September 24 to 27. Committee Chairman in charge: Finance, J. D. Goldrick, 201 N. Liberty St., Baltimore; Speakers, C. H. Watts, 1011 Chestnut St., Philadelphia. Entertainment, E. E. Hougham, 111 W. Lexington St., Baltimore; Registration, L. H. Pumphrey, 206 W. Fayette St., Baltimore; Publicity, H. L. Mattingly, 322 Equitable Bldg., Baltimore; Hotel, W. F. Oliver, Jr. Citizens Bank Bldg, Baltimore; Program, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.; Ways and Means, L. W. Eckhardt, 404 W. Baltimore St., Baltimore.

COMMUNICATIONS.

SAINT LOUIS, March 19, 1924.

DEAR MR. KEHR:

I was very much interested in the copy of the INDUSTRIAL LENDERS NEWS, which you sent to me. Industrial banking for some time has been quite a hobby of mine, in fact I hope some day to get up a system, whereby we can close out slow accounts and operate it under the auspices of the Retail Credit Mens National Association.

It has been my personal experience that where credit men use Industria Banks, such as the Morris Plan and other systems, they are greatly benefited, and I am sure that our membership as a whole understands the matter fully, because it has been discussed at our National Convention. I do feel however that they are not making the most of the situation, and I would be very glad to have any thought you have along these lines, so as to encourage industria banking.

Any time you have something we could publish in the Credit World, we will be pleased to receive it.

Yours truly,
D. J. WOODLOCK,
Secretary-Treasurer, The Retail Credit Men's National Association.

FORT WAYNE, IND., March 19, 1924.

DEAR MR. KEHR:

At the last meeting of the Fort Wayne Loan Association held at the Chamber of Commerce of this city, Mr. Baum former chairman of our association made the suggestion which was approved by the members present that the secretary write you giving you a report as to what our local organization had been doing towards boosting the loan business in this city.

The Fort Wayne Loan Association has been in existence now for the past three years. Our name appears on the Bulletin Board at the Chamber of Commerce Building, in this city and we hold our meetings at this place on the first Wednesday of every month. After dinner we thrash out any questions that may have come up during the past months These meetings sometimes are warm affairs but the good feeling is always uppermost and we all feel better more friendly, more brotherly and more determined to keep our little organization going after each meeting.

We had been carrying the publicity advertising forward each week as rapidly as we received the mats from Indianapolis, but this campaign we understand from Indianapolis has been discontinued on the account that they feel that the campaign has accomplished its purpose.

The Fort Wayne Loan Association gave $20.00 to the Japanese earthquake victims for which we received wonderful compensation in the form of thanks in a letter from Mr. Fred D. Shoaff, chairman of the Fort Wayne Chapter of the Red Cross.

Last month all the members of the Fort Wayne Loan Association joined the Retail Credit Rating Association in the Chamber of Commerce Building, in this city. While members of the association we still keep our individuality as the loan companies have their own distinct unit in the Credit Bureau. All loans made must be reported to the Credit Bureau by each member and all applications run through the bureau. If you think that any of the members of the National Association would be interested in the details of how this Bureau is conducted, which we feel is going to be successful and which is bound to eliminate most of our losses and will more than compensate us for the cost of the bureau, we will be pleased to tell them of the working of the bureau here and how they may form the same thing in their city.

Trusting that I may have the pleasure of meeting Mr. Kehr in person at some future date, I remain,

Sincerely yours,
EDGAR L. WANTLAND, *Secretary.*

BOSTON, MASS., March 20, 1924.

DEAR SIR:

I was referred to you by Mr. Wm. E. Pool, of Boston, who is a member of your organization. He informed me that you were Secretary of the National Organization.

I wish to state herewith that I foreclose mortgages for Mr. Pool, and almost all of the Loan Companies in Boston; therefore if you have any skips in Boston or its vicinity for any loan company, I shall be glad to do everything I possibly can to locate or foreclose.

I also wish to say that if I do collect I shall get my fee from the mortgagor.

If you want any references, I can refer you to any loan company in the city of Boston or to Mr. Pope, Supervisor of Small Loans, State House, Boston, as he has reports of all our work.

Trusting that we can be of service to you in the near future, I beg to remain

Respectfully,
CHAS. F. HALE, *Constable,*
20 Pemberton Square, Boston, Mass.

ROBINSON, ILL., March 26, 1924.

DEAR SIR:

I would like very much to get in touch with one Lyle Robinson, who formerly lived at Robinson, Ill., and later at Indianapolis, Ind., still later at some point in Illinois.

He is an electrician, also a meat cutter by trade.

Trusting that you can give this matter a small space in the LENDERS NEWS.

Very truly Yours,
C. M. BARRICK.

NASHVILLE, TENN., March 13, 1924.

DEAR SIR:

The Legal Aid Bureau of Nashville is contemplating a movement to secure a uniform small loan law in Tennessee and I am writing you to request that you kindly furnish us with any data and information that you think will help us.

Your paper which we have been receiving for some time has been very interesting indeed and I wish to thank you for placing us on your mailing list and trust that we may continue to be favored and receive this very interesting and helpful news which you are accomplishing.

Very respectfully,
A. G. TAYLOR,
Secretary, Legal Aid Bureau.

ATLANTA, GA., March 6, 1924.

DEAR MR. KEHR:

I am enclosing herewith minutes of our last regular meeting, which I wish you would please publish in the next issue of the LENDERS NEWS.

Wednesday, March 5th, F. B. Snyder, secretary and treasurer of the Georgia Association handed Chairman Madison his resignation, because of the fact that he could not give his business and association affairs the proper attention that he would like. An executive meeting was immediately called and under the circumstances, his resignation was accepted and a rising vote of thanks to him was extended for his untiring efforts in behalf of the Georgia Association.

Mr. Edward M. Steimle, manager of the Citizens Loan Company was unanimously elected to fill the unexpired term of office.

Kindly correct your files and be guided accordingly.

With personal wishes, I am,
EDW. M. STEIMLE,
Secretary and Treasurer, Georgia Industrial Lenders Association.

LOAN SHARKS' FINISH SEEN.

Backers of Hamilton-Lewis Bill Say It Will Become Law.

BY ROBERT E. DUNDON.

Near the top of the list of bills which are to be acted on by the Kentucky Senate this week is Arch L. Hamilton's anti-loan shark measure, Senate Bill 366. When attention was called to this bill Friday by Senator White L. Moss, of Pineville, who opposed it two years ago, Senator Allie W. Young, of Morehead, one of the supporters of the bill, said:

"We are ready to vote on this any time."

Advocates of the bill claim that it will receive from twenty to twenty-four affirmative votes, at least. Opponents are not announcing how many votes they will get, but they say the bill will be defeated.

Labor seems to be divided on the proposition. Pete Campbell is fighting the measure, and has been doing the most effective work of any one against it on the Senate side, while Sigmund A. Lee is for it, and has been a strong contributor toward its present favorable standing.

In the House an influence is apparent that is holding the bill back in the rules committee. Lee L. Simons, of Louisville, is strongly for the measure, and he is a member of the committee. He says that he has obtained sufficient pledges from the membership to bring the bill up for a vote, and that it will not be necessary to take it away from the rules committee, which would require fifty-one votes.

"BEST BILL OF SESSION."

Welfare workers who have been trying to get action on this measure, claim that it is the "best bill of the session." It is, at any rate, the one which most intimately concerns thousands of poor people, especially in the cities of Louisville, Lexington, Covington, New port, Ashland and Paducah.

Hence, the roll call on the bill, which is expected to come to a vote either tomorrow or Tuesday, will be watched with the keenest interest. Many of the members of the Senate have political aspirations, and they will be making a record in this matter which will certainly play a part in any future contests at the polls.

A powerful lobby has been working to block the passage of the Hamilton bill, and a similar measure, introduced in the House by Representative Leon P. Lewis, of Louisville.

The bill provides that in lending sums of less than $300, the lenders shall be licensed under the authority of the State Banking Commissioner, and that they shall be inspected, and not permitted to charge more than 3½ per cent a month. The standard rate now is 10 per cent a month for these small and hazardous loans. So that if the thousands of persons in Louisville who borrow such sums are now on the books for $300,000, and pay $30,000 a month in interest, the proposed law would reduce this to $10,000 a month and a saving to the needy of $20,000.

WHY IT IS RESISTED.

There is no doubt that the bill, which is the law now in about twenty other states, is being resisted, because it will force a considerable readjustment in the loan agency business.

It is said that a "loan shark" can now operate on so small a capital as $5,000, and make an annual income of from $4,000 to $5,000 on that investment. That is, if he keeps all of his capital working, and gets 10 per cent a month on it, and does not have too heavy losses, even making a liberal allowance for expenses, a net return of 100 per cent annually is possible.

Reducing this return, however, to one-third, would mean that he would have to increase his capital to $15,000 to make the same amount. The history of the passage of such bills, its advocates point out, is that in every state where they go into effect, there are consolidations of small loan agencies, and there are fewer loan agents, but they handle more business and are easier to watch, for the responsible department of state government put over them.

The remedial loan corporations, semi-philanthropic organizations, are favoring the bill. The Russel Sage Foundation is promoting it in every state. But the old-line "loan sharks" are all fighting it, and in doing so are employing the argument that the Legislature would "legalize 42 per cent a year" by passage of the bill.

MANY WORK FOR BILL.

Some time ago, *The Louisville Herald*, editorially, took the initiative in urging the passage of this bill, and the *Lexington Herald* also has been a strong backer of the measure.

The Legal Aid Society of Louisville, which has had much experience in looking after people who need help from time to time, in their dealings with magistrate's courts, to combat evictions of tenants, collections of sums far greater than the amount borrowed, etc., is leading the fight for the act.

The bill has been indorsed by the Kentucky League of Women Voters, by the Associated Charities of Lexington, the Covington Rotary Club, Mrs. George T. Settle, Mayor Huston Quinn, of Louisville; the Rev. Dr. E. Y. Mullins, president of the Southern Baptist Theological Seminary; J. Robert Kelly, president of the Associated Industries of Kentucky; Dr. Frank L. McVey, president of Kentucky State University; the Brotherhood of Railroad Trainmen, represented by Sigmund A. Lee, of Louisville; the Rev. Dr. E. L. Powell, pastor of the First Christian Church, Louisville; Lawrence S. Grauman, president of the Jackson Democratic Club, Louisville; former State Senator A. E. Stricklett, ex-city solicitor of Covington; the Family Service Organization of Louisville and many others.—*Louisville Herald, March 9, 1924.*

We congratulate the "loan sharks." They have at least two years more in which to pile up unholy profits and lay aside a fund to take care of the campaign upon which they must enter when the Legislature meets in 1926. And so we bid them adieu for the present, and wish them a short life, knowing they will themselves see to making it merry—*Louisville Herald, March 12, 1924.*

TRADE MAY PUT BYERS' BILL THROUGH.

Republican Aid in Death of Loan and Police Acts Held Significant.

By Robert E. Dundon.

Frankfort, Ky., March 11.—Were the Jefferson County police bill and the Hamilton anti-loan shark bill, traded off for sufficient votes in the Senate to pass the Atwood (Byers) bill?

That is the question which observers of the course of legislation are asking tonight, on the eve of an expected showdown on the measure which is calculated, if enacted into law, to displace Joseph P. Byers from his position as commissioner of the Board of Charities and Corrections. It is evident that the Atwood bill cannot be passed without Republican support. The fact that eleven Democratic senators joined thirteen Republicans to kill the Bax County police measure and that the bill directed at loan sharks was slain by practically the same lineup, is held to be significant.

As the writer pointed out in yesterday's dispatches, however, the killing of the Jefferson County Democratic bill and the Russell Sage Foundation Small Loan Act, may prove a boomerang. It is said that Louisville Democrats are showing quite a spirit of hostility toward the attack on the Board of Charities and Corrections. They do not relish the position in which the vote on the Bax mesaure put them.

To-night the Senate Rules Committee met at the Capitol Hotel, to hear further arguments on the Bright Bill creating Fields County from portions of Pulaski, Whitley, Laurel, Knox and McCreary counties. This bill is on the Senate Blackboard for a vote to-morrow. The Atwood Bill is several numbers below it, but seems likely to be reached the same day, unless sent back by the committee. If the Democratic senators who were most vitally concerned with the effort to pass the county police and anti-loan shark measure, vote against the Atwood Bill, it will be defeated. Those who are fighting any change in the law as to the Board of Charities and Corrections, consequently, are very hopeful that Senators Perry, Dacher, Duffy and Hamilton will line up on their side and bring about the side-tracking of the measure which has aroused more public feeling than any one matter now before the Legislature.—*Louisville Herald, March 12, 1924.*

GEORGIA.

The regular meeting of the Georgia Industrial Lenders Association was held in the Directors Room of the Atlanta Chamber of Commerce, Friday evening, February 29, 1924.

Chairman Madison called the meeting to order at 7 p.m., but not being well and because of the absence of vice-chairman, Sharp, Mr. Steimle was appointed to take the chair. There were ten men present, representing six offices.

Under report of committees—Secretary and Treasurer Snyder reported a balance of $19.89, with all bills paid, with the exception of $7.00 due for Banquet flowers.

Membership Committee—Mr. Lassiter, Mr. Snyder reported that they had not been able to get in touch with the manager of the American Discount Company, which made loans on Automobiles at 3½ per cent, but would endeavor to make definite report at next meeting.

Publicity Committee—Mr. Steimle, Mr. Lassiter, Mr. Otey. Mr. Steimle reported that he had corresponded with National Secretary Kehr, relevant to state wide publicity through an Atlanta News Agency. After reading the correspondence, the matter was freely discussed by all, and it was the consensus of opinion that inasmuch as the Atlanta papers covered the whole state that it would be best to consider only these papers, and to conduct the campaign along the lines of the Indiana Association.

It was moved by Mr. Madison and seconded by Mr. Davis that a special meeting be held at the office of Chairman Madison, Wednesday the 12th, at 3 p.m. to further consider the publicity campaign.

Mr Steimle then read a letter written by President Tyson, of Illinois Industrial Lenders Association addressed to Mr. W. F. Baldwin, President Retail Merchants Credit Association, Danville, Ill., entitled "Some Facts About Small Loans in Relation to Credit."

This letter was greeted with much applause. Being confronted in a small way with the same state of affairs in Atlanta, and that this same letter addressed to the Association Retail Credit men of Atlanta and Atlanta Association of Credit Men for their consideration and believed it would accomplish much good and a better understanding of the Industrial Lenders of Georgia. It was Properly moved and seconded and unanimously carried that Mr. Steimle write Mr. Tyson for his permission to use this letter, and that at special meeting of the Association on the 12th the matter be definitely decided. (Since then Mr. Steimle has obtained the permission of Mr. Tyson to use this letter.)

National Chairman, Dr. Mueller's address delivered at the Banquet of the Georgia Industrial Lenders Association, held at the Ansley Hotel, January 11, 1924, now in booklet form was taken up.

It was moved by Mr. Madison, duly seconded and unanimously carried that 500 copies be ordered, and equally distributed among the Georgia members at the expense of the Georgia Association.

The Question Box, which at one of our previous meetings was not completed was again opened up. Every one present entered into the discussion of the following questions:

What are the best reasons for having all endorsers sign at the office?

Can any legal charge be made against a customer for moving security without consent of company?

What can be done to collect an old 5 per cent account?

Has a renting agency the right to hold furniture that a loan company has bill of sale against? If so, why?

Is it advisable to loan women without husband signature or visa-versa?

Which is the better plan when taking an application—To take the parties name, address, etc. to begin with, or talk the matter over and not take the application unless you are going to consider it?

Edw. M. Steimle, *Secretary.*

A special meeting of the Georgia Industrial Lenders Association was held in the office of Chairman Madison, 212 Healy Building, afternoon of March 12, 1924.

The Atlanta members of the Georgia Association met 100 per cent in attendance at special meeting called to order by Chairman Madison at 3 p.m. to discuss and definitely decide the following business.

1. Publicity in the form of "Ads" Atlanta Members of the Georgia Industrial Lenders Association as a whole, similar to that of Indiana Association.

2. Whether or not to make use of letter addressed to Retail Merchants Credit Association, Danville, Ill., sent to them by President Tyson of Illinois Industrial Association entitled "Some Facts About Small Loans in Relation to Credit."

3. Finances of Georgia Industrial Lenders Association. Time and date of the regular meetings of the Georgia Industrial Lenders Association, in order to induce larger attendance.

Chairman Madison called the meeting to order promptly at 3 p.m. The following members were present: Chas. T. Dismer, F. B. Snyder, Henry Sharp, W. L. Adair, C. Y. McCollum, R. F. Davis, B. L. Lassiter, J. B. Otey, A. B. Madison, E. M. Steimle, representing 100 per cent of the Atlanta Members. W. R. Sanders of Macon, Ga., and A. J. Turner, of Savannah, Ga., could not attend.

After the secretary read Mr. Tyson's letter, much discussion followed. It was moved by W. L. Adair that the letter with the necessary changes to fit the Georgia situation be sent to Mr. McLewis S. Gilbert, President of Credit Service Exchange, No. 12½ W. Alabama St., as an association matter, and that the Secretary make necessary changes and get letter off immediately. This was seconded by Mr. B. L. Lassiter, and unanimously carried.

The matter of publicity, similar to that now being conducted by the Indiana Association was favorably discussed. It was finally moved by Mr. B. L. Lassiter, properly seconded and unanimously carried that the ten companies of Atlanta representing the Georgia Industrial Lenders Association, individually pay $12.00 per month as payment for Publicity "Ad" not to exceed 18 inches and to appear once each week in *Constitution, Journal,* and *Georgian* on Friday.

The finances of the Georgia Association was then discussed. The Secretary and Treasurer informed the members that the Association could not properly function without funds, that at the present time there was but $20.00 in the treasury, and after two bills now due were paid, the treasury would be depleated and urged that a special assessment be made. It was moved by Mr. Sharp, seconded by Mr. Adair and unanimously carried that each member be assessed $5.00 and immediately sent to the Secretary and Treasurer and placed to the credit of the Georgia Industrial Lenders Association.

The final business of the meeting—that of changing the time and day of holding the regular Association meetings, as an inducement for a larger attendance. It was brought out in the discussion that a few of the members did not find it convenient for various reasons to attend meeting in the evening. After much discussion, it was moved by Mr. Henry Sharp, seconded by Mr. R. F. Davis, and unanimously carried that the regular meeting of the Georgia Industrial Lenders Association be held on the afternoon of the 3d Friday of each month at 2 p. m.

Edw. M. Steimle,
Secretary-Treasurer.

The first of the series of announcements that the Georgia Association intend running in the three Atlanta newspapers appeared recently. The copy was set in display type and occupied six inches, three columns wide. It will be run once in each of the three papers selected. The purpose of this educational publicity is obvious and seems necessary to win the confidence of the community. The copy is patterned after the Indiana campaign and is as follows:

DID YOU KNOW

1—**There is a Georgia Industrial Lenders Association?** Organized July 7, 1921, for the improvement of Industrial Loan Conditions.

2—That the members of this Association operate under the act known as the "Small Loan Law of the State of Georgia"—Enacted by the General Assembly August 16, 1920?

3—That they operate under the direct supervision of the State Banking Department?

4—That each member is licensed by and bonded to the State for their faithful operation under the law of the State?

5—That sums up to and including $300.00 is loaned by the members of this Association, secured by the furnishings of one's home, and on endorsements, repayable in small monthly payments at the rate of 3½ per cent per month on the unpaid balances for actual number of days money is used?

6—That any honest and worthy person may obtain a loan from any one of the members of this Association for any legitimate purpose, such as; Doctor's bill, hospital, operations, paying up past due acounts, educational purposes, taxes, 1st payment as purchase price of home, etc?

7—That this Association was organized for the sole purpose of improving Industrial Loan conditions, and for worthy folks to have a place where they can obtain financial assistance in time of need at an interest charge fair to the Lender and Borrower, and where one may be advised and counseled free of charge.

A Mark of Distinction
a
Friendly Help
to
honest folk

GEORGIA INDUSTRIAL LENDERS ASSOCIATION

Under Supervision of the State Banking Department

You may safely negotiate with the following companies:
American Loan Co., 406 Peters Bldg.; City Investment Co., 517 Atlanta Trust Bldg.; Seaboard Security Co., 214 Peachtree Arcade; Beneficial Loan Society, 421 Palmer Bldg.; Fulton Loan & Discount Co., 1113 Atlanta National Bank Bldg.; Security Investment Co., 10½ Auburn Ave.; United Small Loan Corp., 30 Peachtree Arcade; Citizens' Loan Co., 301 Peters Bldg.; The Masters Loan Service, 212 Healey Building; Southern Security Co., 215 Atlanta National Bank.

MARYLAND.

The monthly business meeting of the Maryland Industrial Lenders Association was held in the Board Room of the Merchants & Manufacturers Association Building, No. 22 Light Street, Baltimore, Maryland, March 11th.

Members present were, E. E. Hougham, Atlas Loan Co.; Leroy Busch, Community Finance Service Co.; W. F. Oliver, Jr., Household Finance Service Co.; H. T. Mattingly, The Master Loan Service Inc.; H. C. Moore, Peoples Finance Service Co.; Lewis F. Eckhart, Peoples Loan Society; C. A. Gardner, United Finance & Security Corp.

Guests present were, N. E. Field, Classified Advertising Manager, *Baltimore Daily Post;* N. H. Miller, Advertising Department, *Baltimore Daily Post;* and A. L. Wick, Philadelphia, Pa., Supervisor of Peoples Finance Service Co., and Household Finance Service Co.

Owing to the inclement weather the attendance was poor.

Mr. Fields gave the members a fifteen minute talk upon the value of constructive advertising, particular stress being laid upon the *Baltimore Daily Post* as an advertising medium.

The *Post* is delivered by carriers daily to 50,000 house-keepers in addition to having a daily circulation on the street of 20,000.

Several members substantiated Mr. Field's assertion that the *Post* was a good advertising medium for the loan men as the results they were obtaining were most satisfactory.

Chairman Gardner thanked Mr. Fields for his able talk on the value of advertising.

Chairman Hougham of the Legislative Committee reported progress. A detail report covering the activities of this committee will be given at the April business meeting.

Chairman Gardner explained that the main purpose of our meeting to-night was to contact those members of our association who were really interested in enjoying the benefit of an exchange with the thought of putting the exchange in operation by April 1, 1924. The exchange is to run under the supervision of the Retail Bureau of the M. & M. Association.

Mr. Wick gave the members an interesting talk as to how successful exchanges were being run in Philadelphia, Pittsburgh, and Indianapolis and other cities.

Upon motion of Mr. Wick, a committee consisting of three officers were nominated to control the affairs of the exchange. The following officers were elected:

E. E. Hougham, chairman; L. F. Eckhart, secretary; H. T. Mattingly, treasurer.

The exchange is to be known as "The Exchange Bureau of the Maryland Industrial Lenders Association." Any licensee in Baltimore may become a member of the exchange provided they respect the rules and by-laws. One does not necessarily have to be a member of the Maryland Industrial Lenders Association in order to enjoy the benefits of the exchange.

Chairman Hougham of this committee was instructed to immediately get busy in order that prospective members may have a copy of the rules and by-laws within the next few days. Should any one desire advance information about the exchange, they are requested to 'phone Mr. L. F. Eckhart, secretary of the exchange, Plaza 3548.

Mr. Mattingly advised that Attorney Bryant had taken care of the matter of incorporating the Maryland Association, therefore in exchanging information through the exchange, the lender will be protected in a legal way.

Next Meeting, Tuesday, April 8, 1924.

H. C. Moore, *Secretary.*

MICHIGAN.

Michigan has new officers as follows: F. E. Stroup, 507 Commercial Savings Bank Building, Grand Rapids, chairman; Norman Buckner, 31 Crofoot Building, Pontiac, vice-chairman; E. I. McCuen, 417 Rogers Building, Jackson, Secretary; J. A. Macbeth, 516 Penobscot Building, Detroit, Treasurer.

At the last meeting held in Grand Rapids there were elected to membership of the State Association the following: Peoples Loan Company, 204 Home State Bank Building, Grand Rapids and represented by George B. Dinsmore; The Industrial Loan Company of Flint, represented by Benj. Goldstein; The Confidential Loan Company, 116 Armory Building, Flint, represented by Sidney Buckner and The Citizens Loan Company of 500 Murphy Building, Detroit, represented by Chas. E. Macbeth.

In the future regular State Association meetings will be held at semi-annual intervals, the third Thursday in April and October. With the added members I believe in the future you will hear considerable more from Michigan than you have in the past. Our last meeting was indeed a most interesting one and with a thing of this sort it takes a considerable number meeting at regular intervals to put enthusiasm into the meeting.

J. A. Macbeth.

NEW JERSEY.

The Ninth Annual Convention of the New Jersey Association was held at the Robert Treat Hotel, Newark, March 19th.

A business session presided over by Chairman Vogel was held during the day at which a number of important subjects were discussed and interesting papers read.

Col. Clarence Hodson acted as toastmaster at the banquet held in the evening. The speakers were: Hon. A. Harry

Moore, Director of Parks and Public Property of Jersey City and Professor Edward R. O'Brien, of Roselle, whose subject was the "Psychology of Business." Vaudeville and dancing followed the banquet.

PENNSYLVANIA.

The regular meeting of the Pennsylvania Industrial Lenders Association was held in Parlor No. 3, Hotel Casey, Scranton, Pennsylvania, at ten A. M. on Thursday, February 28, 1924.

The meeting was called to order by Chairman W. S. Herron.

Twenty-five members were present at the morning session.

REPORT OF OFFICERS.

Secretary Watts reported a membership of 99, 92 in good standing as of June 30, 1924, six being overdue since January 1, 1924 and 1 since July 1, 1923. Fifty-three of our members are also members in good standing of the American I. L. Association as of August 1, 1924. There are 215 licensed lenders in Pennsylvania.

REPORT OF COMMITTEES.

Executive Committee Chairman Webster's report was received and on motion of Mr. Hendrickson, seconded by Mr. Bachofer, was approved and ordered spread on the minutes.

"A regular meeting of the Executive Committee was held at the City Club on Wednesday, February 13, 1924, with the following members of the Committee in attendance: Messrs. Watts, Herron, Mueller, Hart, Ezekiel and Webster.

The matter of loans being made by certain unlicensed lenders in Philadelphia at illegal rates was taken up and thoroughly discussed, and it was recommended that the Association arrange for the fullest coöperation with the Banking Department to abolish this nuisance. Messrs. Watts and Herron were appointed a committee of two to employ counsel and make all necessary arrangements towards coöperating with Attorney Pusey of the Banking Department. The results of their action to be reported at the next meeting of the Executive Committee.

It was also recommended that the Association have printed 1,000 copies of the Loan Booklet written by Mr. Stratton, of Indiana, for distribution to the various members of the Pennsylvania Association who desired same.

The matter of some of the lenders in Philadelphia resorting to action in the Magistrate Courts in the collection of their delinquent accounts, was referred to Mr. Herron after considerable discussion, to be taken up with the Philadelphia members at the next regular meeting of the Exchange Bureau to be held at the City Club, on Friday, February 15, 1924. It is to be hoped that this practice will be immediately discontinued as it can mean no good to either the individual resorting to it or the business as a whole.

The Banking Department's request that the use of the phrase "under supervision of the Banking Department" be discontinued on all stationary and other advertising matter, was gone into in detail, and suggestions were requested of all members for the substituting phrase. Mr. Watts reported having received probably a dozen, but it is to be hoped that more of our members will send in some suggestions that we may select one that is satisfactory to all concerned.

Respectfully submitted,
EDWARD B. WEBSTER.

Publicity Committee Chairman Moore reported through Mr. Wick that the article covering the Scranton meeting had appeared in newspapers in Reading, Scranton and Wilkes-Barre.

Mr. Young reported for Membership Committee Chairman Mueller two new members for the attention of to-day's meeting.

UNFINISHED BUSINESS.

Secretary Watts reported progress in the salary purchasing test case in Maryland. This was commented upon by Messrs. Hart and Holloway and on motion of Mr. Young, seconded by Mr. O'Neill, the officers were urged to lend their sympathetic coöperation in the Maryland Industrial Lenders Association's test case and to closely observe the workings of this business as it is conducted at this time in Pittsburgh.

Treasurer Ezekiel reported having opened a bank account in the Girard Trust Company of Philadelphia in the name of the Pennsylvania Industrial Lenders Association with his own signature good against it.

NEW BUSINESS.

On motion of Mr. Young, seconded by Mr. Bachofer, the applications for membership of the Penn Loan Company, 514 Pittsburgh Life Building, Pittsburgh and the Peoples Investment Company, 26 W. Broad Street, Hazelton, were approved and they were duly elected.

Chairman Herron reported the visit of the Committee, consisting of Messrs. Herron, Kehr and Watts to the Bank Commissioner with respect to the use of the word "supervision" in advertising and other printed forms and following a discussion by Messrs. Hart, Holloway, Ezekiel and Young, the Committee's recommendation that the following phrases be submitted to the Commissioner for his approval was on motion of Mr. Young, seconded by Mr. Bachofer, approved

1. Interest charges subect to Banking Department examination.
2. Under Banking Department regulation.
3. Business regulated by Commissioner of Banking.
4. All interest charges under State regulation.
5. All interest charges under Banking Department regulation.
6. Bonded to the State. Licensed by and under regulation of the Banking Department.
7. Bonded to the State of Pennsylvania. Licensed and inspected by the Banking Department.
8. Bonded to the State. Subject to regulation of the Banking Department of Pennsylvania.
9. Interest charges supervised by Banking Department.

On motion of Mr. Young, seconded by Mr. Hart, the Executive Committee was authorized to use such necessary funds from the treasury as may be necessary for the employment of legal advice to assist the Banking Department in the prosecution of unlicensed lenders in Philadelphia and elsewhere.

On order of the Chair the address of Mr. Stratton, of Sullivan, Indiana, published in booklet form "A Business Little Understood" was on motion of Mr. Wick, seconded by Mr. Young, ordered distributed to the members and the Chambers of Commerce and similar organizations in their respective communities.

On motion of Mr. Ezekiel, seconded by Mr. Young, the following communications with replies were ordered spread on the minutes of this meeting.

THE FEDERATION OF JEWISH CHARITIES
OF PHILADELPHIA.
1512 Walnut Street.

November 22, 1923.

"Mr. Charles H. Watts, Secretary,
1011 Chestnut Street,
Philadelphia.

"DEAR MR. WATTS:

"Just a line to tell you how genuinely delighted I was to address that splendid crowd, representing your Association, at the Bellevue. They were so responsive and I felt that they were with me in spirit all the time.

"Please be assured of whatever coöperation I can extend to you at any time.

"Sincerely yours,
"JACOB BILLIKOPF."

November 23, 1923.

Jacob Billikopf, Esq.,
1512 Walnut Street,
Philadelphia, Penna.

DEAR MR. BILLIKOPF:

It is a very happy moment for me to have your kind letter of November 22d. Your wholesomeness was accepted by every last one of our delegates and each is deeply indebted to you for your inspiration.

Your note of service seemed to carry over into our evening festivity and we there found its reiteration both by a Catholic and a Protestant.

It was a most happy day for our group and for much of it we are indebted to your good self.

With kind personal regards, I am.
Yours sincerely,
C. H. WATTS, *Secretary.*

THE FEDERATION LOAN ASSOCIATION
243 South Sixth Street,
Philadelphia, Pa.

November 23, 1923.

Mr. Chas. H. Watts,
1011 Chestnut Street,
Philadelphia, Pa.

DEAR MR. WATTS:

Let me place my self on record in regard to the state conference of the Pennsylvania Industrial Lenders Association, and incidentally pay my respects to those who were directly responsible for the working out of the details of the day.

The papers read, in every case, were not only instructive to the commercial lenders, but I found them of great value and applicable to the work of this office. The men who contributed by the writing of the various theses, showed uncommon good sense and thorough knowledge of the business. But above all, I feel that the greatest compliment that could be paid your profession, was the constant search for new avenues of service which you, as a body, wish to render the public you serve. It is quite evident that the Lenders want to be more than mere changers of money, and that they want to dignify their profession by giving more than cold cash on ample security, and the question of dollars and cents, if not secondary, at least is not the all important work you want to render.

I do not know what the trend is among lenders in other states, but surely in Pennsylvania, a higher development of the business along ideal lines may be anticipated. Many thanks indeed, for the opportunity afforded me and for the courtesy shown throughout the day.

Sincerely yours,
William Hirsch,
Managing Director.

November 24, 1923.

"Mr. Wm. Hirsch,
243 S. Sixth Street,
Philadelphia, Pa.

"Dear Mr. Hirsch:

"It is very fine of you to write us in so splendid a manner as indicated in your letter of the 23d. We truly appreciate your communication and will always be happy to coöperate with you and your company in every possible way.

"With renewed assurances of sincere regard for the splendid work you are carrying on and with kind personal regards to you, we are,

"Yours sincerely,
"C. H. Watts, *Secretary.*"

On motion of Mr. Ezekiel, seconded by Mr. Young, the secretary was ordered to prepare resolutions of sympathetic expression upon the passing of C. H. Harris, of Pittsburgh, to be sent to Mrs. Harris and to be spread on the minutes of this meeting.

Whereas, Our fellow member and friend, Charles H. Harris, of Pittsburgh has passed into life's next expression. And,

Whereas, His wise counsel and judgment were always given with freedom and willingness to be of service. And,

Whereas, His conduct of office in our organization was most helpful and efficient. Now therefore be it

Resolved, That we the Pennsylvania Industrial Lenders Association express our continued regard for him, and to his widow and family, a sincere appreciation of his many sterling qualities.

W. S. Herron, *Chairman.*

On motion of Mr. Hart, seconded by Mr. Wick, the Chair was authorized to appoint a Vigilance Committee of three, to effectively check up and otherwise police the operation of certain so-called outlaw companies, reported to be operating in this Commonwealth.

The Chair announced the appointment of the following Committee Chairman for 1924:

Executive Committee, E. B. Webster, 1237 Market Street, Philadelphia; Publicity Committee, E. F. Moore, 1011 Chestnut Street, Philadelphia; Legislative Committee, G. W. Kehr, 204 Chestnut Street, Harrisburg; Membership Committee, C. G. Mueller, 305 Flanders Building, Philadelphia; Entertainment Committee, A. V. Hart, 714 Denckle Building, Philadelphia.

Educational.

The Chair called the members' attention to reports of lenders failing to require the customers to reduce the principal of their obligations, and accepting payments on interests only, and that this practice should be discontinued.

Further, that members should be encouraged to comply with the Banking Department's wishes and the law in the prompt return of all notes to the customers.

Further, that there should be no withholding of payment cards or books from the customers at the time of the closing of the accounts.

These matters were fully discussed by Messrs. Young, Wick, Zimmerman, Hart of Philadelphia and Holloway.

Mr. L. C. Perkins, Manager of the Wilkes-Barre office of the Beneficial Loan Society, addressed the meeting at the afternoon session on the subject of "The Reception and Treatment of Applicants and Customers at the Office" and on motion of Mr. Ezekiel, seconded by Mr. Allgaier, a vote of thanks was tendered him and the Secretary ordered to forward the paper to the Lenders News for publication.

Mr. Paul Huenkemeier, Manager of the Scanton office of the Community Finance Service, Inc., read a paper on "A brief sketch of the small loan situation in Scranton" which was most enjoyed and on motion of Mr. Watts, seconded by Mr. Bachofer, a vote of thanks was extended to him and the Secretary ordered to forward this paper to the Lenders News, for early publication.

On motion of Mr. Bachofer, seconded by Mr. Zimmerman, a vote of thanks was tendered to the Scranton and Wilkes-Barre Committee for to-day's entertainment.

C. H. Watts, *Secretary.*

At the luncheon, served in the parlor of the Hotel Casey, Wallace Moser, Esq., of Scranton, gave a most interesting talk on "The small loan business ethically and socially." A rising vote of thanks was tendered Mr. Moser for his inspiring address.

RHODE ISLAND.

One of the most successful meetings ever held by the Rhode Island Industrial Lenders took place on Tuesday evening, February 12th, at the Biltmore Hotel, Providence.

In the absence of the regular chairman, Mr. Rich of Pawtucket called the meeting to order.

The Association was honored by having several visitors at the meeting among them being Dr. L. N. Robinson of the Russell Sage Foundation, New York City. Mr. A. L. Wick of Philadelphia and Mr. E. F. Moore of Philadelphia also contributed largely to making the evening one to be long remembered.

Those present were: Dr. L. N. Robinson, New York City; A. L. Wick Philadelphia; E. F. Moore, Philadelphia; G. F. Lewis, Newport, R. I.; H. C. Bowler, Newport R. I.; A. B. Cascombas, Newport, R. I.; F. H. Lovegrove, Bridgeport, Conn.; F. Daniels, Bridgeport, Conn.; George F. Rich, Pawtucket; R. H. Dansereau, Pawtucket; F. N. Kennon, Pawtucket; R. A. Ring, Pawtucket; F. A. Pomfret, Pawtucket; L. Pomfret, Pawtucket; W. Delaney, Providence; C. Smith, Providence; S. S. Moran, Providence; Jas. S. Dwight, Providence; J. H. Wickstrom, Providence; A. E. Ballou, Providence; R. Richards, Providence.

A suggestion was made that the individual stationery used by several of the officers could be vastly improved upon if the names of all the officers were printed on top or on each side of the letter head.

On motion of Mr. Moore, seconded by Mr. Pomfret, it was decided to have a supply of letter heads printed similar to that now used by the Pennsylvania Industrial Lenders Association.

Mr. Wickstrom was appointed to arrange for the printing, a copy to be submitted to the members at the next regular meeting for their approval.

Mr. R. H. Dansereau of Pawtucket read a paper on "Methods of Investigation I have obtained best results from." Mr. Dansereau was complimented on the thoroughness of the subject covered and considering the short time he has associated himself with the Industrial Loan business, he did remarkably well.

Mr. F. H. Lovegrove of Providence, read an interesting paper entitled "Educating the General Public to the Small Loan Business through Advertising of Character."

Mr. Moore of Philadelphia supplemented on Mr. Lovegrove's letter and added that service was the keynote of success particularly in our business and its value in getting business and holding it cannot be underestimated.

On motion of Mr. Delaney, properly seconded, it was moved that Mr. Lovegrove's paper be spread on the minutes.

On account of the regular meeting date, second Tuesday of each month, conflicting with other engagements with many of the members, it was regularly moved and seconded to change the date from the second Tuesday to the third Tuesday of each month.

A very spirited discussion took place among the members as to what would be considered appropriate and permissable as a phrase or sentence to be used in our newspaper ads as to banking supervision.

Four or five different phrases were suggested and on motion properly seconded the Association went on record as favoring the phrase "under the supervison of the State Banking Department." The resolution passed on using the phrase is in no way binding and the few members not in favor of changing their ad in conformity with the resolution will not be asked to do so.

Dr. L. N. Robinson of the Russell Sage Foundation, who at the present time is making a country wide survey of the loan business, addressed the members and said in part. "Meetings of men engaged in the Industrial Loan Business was an excellent thing as it helped the men to get better acquainted and also to discuss and dissolve some of the problems that come up from time to time. The day of the individual loan man working for himself only is a thing of the past. His association with other men engaged in the same business makes it possible to keep in touch with the loan business of the whole country."

Dr. Robinson spoke of the tremendous development made throughout the country of the installment business which is bound to have some effect on our business. Heretofore, the installment plan business has met with little success owing to the collecting part of the business not being as highly organized or developed as the selling end, but through literature in the form of several books being distributed on the subject it is fast becoming a science.

He was very glad to see that the members of the Rhode Island Association were open minded on the problems of the day and said that they in time would feel that the Uniform Small Loan Law recently enacted would move them forward into a new era and that their sentiments within a very short period would act in harmony with the lender, who remarked, "If we have to go back to the old way of doing business after operating several years under the Uniform Small Loan Law, we wouldn't go back at all."

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Biltmore Hotel, Providence, Tuesday, March 18th.

Chairman W. G. Wood called the meeting to order.

The association had the pleasure of having C. H. Watts of Philadelphia at this meeting.

Responding to the roll call there were but two members absent.

Those present were: C. H. Watts, Philadelphia; W. G. Wood, Providence; W. Delaney, Providence; C. Smith, Providence; J. H. Wickstrom, Providence; A. B. Ballou, Providence; R. Richards, Providence; F. H. Lovegrove, Bridgeport, Conn.; S. Moran, Providence; H. Neal, Providence; F. N. Kennon, Pawtucket; F. G. Pomfret, Pawtucket; L. Pomfret, Pawtucket; P. Ring, Pawtucket; G. F. Rich, Pawtucket; R. H. Dansereau, Pawtucket; G. F. Lewis, Newport, R. I.

A committee composed of C. H. Watts, W. G. Wood, H. Neal called on the Bank Commissioner for the purpose of getting a report as to just what kind of a phrase would be permissable to place in the ads of the newspapers pertaining to the supervision of the Banking Department.

The members of the association realize that the small loan business is under supervision of the Banking Commissioner only to the extent of the interest charged and that the department does not, in any way guarantee or stand back of the business so far as individual investors are concerned.

The committee are glad to report that the recent investigation by the Banking Commissioner of the Eagle Loan Company developed the fact that this company had in no way violated the Small Loan Act under which they are licensed.

The matter was referred by Mr. Newhall to Attorney F. L. Hinckley for further conference.

Mr. Wood, Mr. Neal and Mr. Wickstrom are to place the matter before Mr. Hinckley, but owing to Mr. Hinckley's absence from the city the committee was not able to make a report the same night as the meeting was held but will do so on Mr. Hinckley's return.

C. H. Watts of Philadelphia in his usual whole hearted way gave us a splendid talk on coöperation.

The entertainment committee furnished the members with a reading by R. Ring entitled "Methods I use in locating a Skip."

A playlet by A. E. Ballou, R. Richards, and J. H. Wickstrom brought out the importance attached to the outside man's part in making a successful deal. Mr. Ballou's part in taking the applicant through the usual questions was unusually well done.

An entertainment committee composed of six members was appointed by Mr. Wood to make preparation for the annual banquet to be held at the Biltmore Hotel Tuesday, May 6th.

As this will be our first banquet to be held under the Uniform Small Loan Act we want to make it one that will long be remembered. The committee has promised to have the speeches broadcasted through one of the local broadcasting stations and the beneficial publicity derived from this source alone should be more than worth the price of the dinner $4.00. We must get one hundred people to our banquet and it is up to every member to bring along his entire office force as well as his friends and relations.

Please arrange to buy at least ten cards as we are depending on you to make this banquet a success. You are charged with the responsibility to get your gang out for that night. The committee asks you to roll up your sleeves, throw your hat in the ring, and determine to make this banquet do justice to the men in the loan business.

J. H. Wickstrom, *Secretary.*

WEST VIRGINIA.

The regular semi-annual meeting of the West Virginia I. L. A., was held in the Old Colony Club rooms of the Ruffner Hotel at Charleston, West Va., February 21, 1924.

The business session was called to order promptly at 10:30 o'clock and the business of the Association taken up and disposed of in the usual manner.

Following the business session, a delightful luncheon was served to the members and their guests. Mr. H. L. White of Wheeling W. Va., who presided as Toastmaster, introduced the Hon. W. W. Wertz, Mayor of Charleston, who delivered a very interesting talk, using as his subject, "The Moral Mission of the Small Lender." Mayor Wertz has made a study of the small loan business in the past year and is well posted as to the merits of the Uniform Small Loan Law. Mr. D. W. Taylor, prominent attorney of Charleston also gave a short talk in which he paid a high tribute to the worthy and conscientious lender.

At the afternoon session which convened at 2:00 o'clock, several important subjects pertaining to the loan business in general was taken up and discussed. The main speakers on the afternoon program were D. E. Earnest of Parkersburg, W. Va., and F. W. Withrow of Charleston. Both talks were very interesting and to the point.

Application for membership from Mr. P. Wells of the Wells Loan & Jewelry Co., was accepted. Mr. Wells is a prominent business man of Charleston, being interested in no less than five different lines of business, and the Association feels greatly strengthened through the membership of Mr. Wells, who is a staunch booster for the Uniform Small Loan Law.

The members of the Association unite in saying that this was the best Association meeting ever attended in this State. The net attendance was 80%.

Wm. B. Grimes, *Secretary.*

WAYS TO LOCATE A SKIP.

That little booklet known as "Ways to Locate a Skip" with 225 practical suggestions of the most resourceful sort, has been so popular among persons and institutions granting financial and merchandise credit that the first edition of a thousand copies has been exhausted and a second edition of the same amount has been printed, the book being constantly called for in dozen and fifty lots. A. L. Wick of Philadelphia who was one of the prime movers in the collaboration of this work owns the copyright of it and the book cannot be reprinted without his consent. The A. I. L. A. is pleased to continue its position as sales agent for this book which is sold at 10c per copy, and the proceeds above the actual cost for printing, are diverted into the general treasury for the good of our work.

GOUGING THE SMALL BORROWER.

No State has a better law for the protection of the small borrower than Pennsylvania, and the State Banking Department, which has supervision of its operation, does well to proceed against the "loan sharks" who are fleecing customers in spite of it. This law not only fixes the interest at a fair rate, but provides for a proportional reduction of principal and interest in a series of monthly payments, so that the loan is, as it were, automatically repaid. Thus one of the chief evils of the unregulated loan business, the payment of exorbitant interest for month after month with no reduction in the principal, is eliminated.

The licensed companies, as Secretary Cameron of the department is careful to point out, are living up to the law. There is every reason why they should be as carefully and honestly conducted as the banks. It is all the more important, therefore, that they should not have to meet illegal competition. The gravamen of the charge against the unlicensed lenders is that they take notes for a sum in excess of the money the borrower gets and, if he falls behind in his payments, "pyramid" charges to such an extent that in the end he may have signed his name to notes for something like double all he has received. This is usury of the most shameless sort, practiced for the most part upon those whose immediate need for money is so great that they will sign almost anything to get it.

It is difficult, of course, for the law to protect the foolish from the consequences of their folly. So far as that goes, high interest is legitimately charged in certain cases on short-term notes. If one man has the money to lend and another is in urgent need of it, the lender is in a position to exact a higher interest than the prevalent rate. The point is that a rate which might not be excessive in the case of a note to be repaid in a week or a month is distinctly usurious if the note is to run for a long time. The borrower can then repay more than the whole sum borrowed, and legitimate interest on that, and still owe as much as he did at the beginning. The shifts and devices which make this possible are what the State Banking Department is trying to suppress.—*Philadelphia Inquirer, March 7, 1924.*

SITUATION WANTED.

Married man, having ten years experience in loan business, desires to make some connection with organization operating with chattel or note loans. References and bond furnished upon request. Address H. E. Nolte, 228 Hobart St. Knoxville, Pittsburgh, Pa.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII, No. 11. MAY, 1924. Price, $1.00 a year.

INDUSTRIAL LENDERS KNOW ABOUT YOUR 1924 CONVENTION CITY

Baltimore, Maryland

THE LIBRARY OF THE
JUN 5 1924

The "Monumental City"; named for the proprietor of a large tract of land in Maryland, Cecil Calvert, Lord Baltimore, who settled the province in 1635.

It is situated on an estuary of the Patapsco River, at the head of navigation, about fourteen miles from Chesapeake Bay, and is on the Baltimore and Ohio, the Philadelphia, Baltimore and Washington, and other railroads. A good harbor and fine geographical situation give Baltimore unusual trade advantages, and it has become one of the great export centers of the United States.

The city is roughly divided into two nearly equal parts by a small stream, Jones Falls, which flows entirely through the city. The portion of the city northeast of the stream is called "Old Town." Baltimore Street is the chief longitudinal thoroughfare.

The natural center for the visitor is Mt. Vernon Place, a small square, prettily laid out and suggesting Paris in its tasteful monuments and surrounding buildings. In the middle rises the Washington Monument, a column one hundred and thirty feet high, surmounted by a colossal statue of George Washington.

At the northeast corner of the square is the handsome Mt. Vernon Methodist Episcopal Church; at the southeast corner, Peabody Institute, for the encouragement of science, art and general knowledge.

On the south side of the square is the house of Henry Walters, connected by an overhead bridge with a new picture-gallery containing the celebrated Walters Collection, one of the finest private collections of art in America.

Charles Street one of the chief thoroughfares of the City, leads to the north from the Washington Monument past the Union Station, near which, at the north end of the B. & O. tunnel, is the Mt. Royal Station. Following Charles Street to the south we pass (right) the First Unitarian Church and the back of the Roman Catholic Cathedral which faces Cathedral Street. The latter is surmounted by a dome one hundred and twenty-five feet high, and contains some interesting paintings. Adjacent is the residence of the late Cardinal Gibbons now the home of the Archbishop.

Farther on Charles Street passes the Masonic Temple, intersects Baltimore Street, the chief business street of the city, and is continued to South Baltimore. In east Fayette Street, to the left, is the Court House, a handsome white marble building, and the Post Office, in front of which rises the Battle Monument, erected in 1815 in memory of the struggles of the war of 1812-1814. The interior of the Court House is adorned with admirable mural paintings. To the east of the Post Office is City Hall, a large and handsome building, with a dome two hundred and sixty feet high.

To the south of the City Hall, in Gay Street, between Water and Lombard Streets, is the imposing new Custom House, which was damaged by the fire of 1904, but has since been repaired and completed.

A little to the west of Mt. Vernon Place, between Howard St. and Eutaw St., are the unpretentious buildings formerly occupied by Johns Hopkins University, one of the foremost institutions of learning in the country. It was endowed with over three million five hundred thousand dollars by Johns Hopkins a Quaker. In 1902 a suburban site about two miles north of the Washington Monument was secured for this famous university, and the first of a fine group of buildings was occupied by it in 1914.

The Johns Hopkins Hospital, opened in 1889, is also due to the liberality of Mr. Hopkins, who bequeathed over three million dollars for its foundation.

Both as a scientific and charitable institution, this hospital is an important adjunct to the University; and in the completeness of its equipment and excellence of its system, it ranks with the foremost hospitals in the world. The buildings of the Medical School of Johns Hopkins University adjoins the hospital.

Druid Hill Park, a pleasure ground of about seven hundred acres, owes its beauty in great part to the fact that it has been preserved as a private park for one hundred years before passing into the hands of the city. Its hills afford beautiful views. Druid Lake, one-half mile long, is one of the reservoirs of the city waterworks.

Baltimore is an important center of the traffic in breadstuffs, and is also the seat of extensive and varied industries—cotton and woolen goods, flour, tobacco and cigars, glassware, boots and shoes, iron and steel (including machinery, carwheels iron bridges, stoves and furnaces, etc.), clothing, pianos, organs, and the canning of oysters. Shipbuilding has become an important development and Sparrows Point, with its immense steel plant, is a place of great industrial activity.

The construction of the first important line of railway in the United States was begun in Baltimore in 1828 and carried on by private enterprises, and the first telegraph line was constructed to, and the first message received in, Baltimore. In 1904 Baltimore was visited by a fire which consumed fifty million dollars' worth of property.

Our city can boast many other places of interest and Industrial Lenders from the Atlantic to the Pacific, and from Canada to Mexico will know more about Baltimore, with its southern hospitality and its northern push after September 27th.

MAKE YOUR PREPARATIONS NOW.

EDUCATING THE GENERAL PUBLIC TO THE SMALL LOAN BUSINESS THROUGH ADVERTISING OF CHARACTER.

By F. H. Lovegrove.

Advertising has always been a very interesting topic to me. I believe it to be the first important step in building up most any business and more especially the Industrial Loan Business. The most effective medium of advertising, I think you will all agree, is the daily newspaper and that one with the largest circulation. Did you ever stop to think how thoroughly the newspaper is read by a great many people? What does this indicate. To me it indicates that there are thousands of people very much interested in not only the daily news items but the business of different kinds they see constantly. There are people who read your ad, and my ad that never will have occasion to use our service. Now the important fact is that these are just the people we should make a good impression on. They are the ones who are not especially interested in the fact that you and I are in the Loan Business. They are however interested in a general way. They, no doubt, often wonder how we conduct our business and what rate we charge and if they see the rate advertised, they begin to wonder how we get away with it. All of these thoughts

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1923-1924.

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Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—C. A. Gardner, 25 W. Baltimore St., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—W. S. Herron, 404 Denkla Bldg., Philadelphia.
R. I.—W. G. Wood, 268 Westminster St., Providence.
Va.—L. E. Pope, 206 E. Grace St., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Auditing, W. E. Pool, 63 Court St., Boston.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—E. I. McCuen, 417 Rogers Bldg., Jackson.
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
N. Y.—R. M. Rutherford, 175 Fifth Ave., New York.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

are very natural ones for the outsider. The question comes to mind how are we to advertise our business with the best results and still leave the correct impression on the general public. In the first place we are now working under a fixed rate which eliminates all competition from that source. You cannot advertise any better rate than I can or any other competitive lender, so why advertise rates at all. Newspaper advertising is very expensive and the space that is generally used does not allow one to elaborate on terms, condition, etc. Take for instance when you advertise that the cost of a $20.00 loan for one month is 70c, immediately the first thought that comes to the mind of Mr. General Public is "Hm., 70c a month, let's see, that is $8.40 a year. That's a pretty stiff rate." You see right away the impression is created that the individual borrower pays $8.40 for the use of $20.00 for one year. When in reality this is not the case. By paying $4.00 monthly the loan cost is only $2.10, or if paid at the rate of $2.00 monthly the cost is only $3.85. Even if you try to explain this in your ad, the chances are ten to one that the reader of your ad will not get the true meaning of the wording.

Assuming that we eliminate rates from our ad, what is the next thing to appeal to the reader of our ads? Does it not sift itself down to the question, why are we in the Loan Business? We, of course, are not philanthropists, but are in business for profit. But in order to realize a profit we have to first do the business, and in order to do the business, we have to deliver the goods. In our case goods in a literal sense is the money we lend, but it also means a service rendered in selling our money, and sincerely believe in that one word, service, anyone's success in business is measured. No doubt we all have our own ideas as to what makes for the best service in our line, but bear this in mind that the days of the bawler out and table pounding tactics are past and the office that has not graduated from such practices is not headed for very great success. In rendering Small Loan Service it is necessary that our service is helpful in every sense of the word. So in advertising our service is helpful in every few helpful suggestions for using it. Why use up a lot of space telling what a fine place your place is to deal with, etc., etc. The borrower will be able to decide that for himself after he has called at your office. It is after you have gotten the prospective borrower into your office that the real competitive test begins. The first impression the applicant gets as he approaches the cash window and makes inquiries is very vital to any company. He should be greeted with a smile and a cordial attitude. Relieve him of any uneasiness or embarrassment which he may feel. Treat him at least as an equal, never take a superior attitude. Always remember that the applicant is doing you a favor by coming to your office. Never take the attitude that you are doing him a favor by lending him your money. Yours is not the only office he can go to, and if you do not give him your best service he will not be apt to repeat his loan or send anyone else to you. I might say here that your second best medium of advertising is your referred business. It may seem that I have drifted somewhat from my subject, but nevertheless I hope that what I have said will help to bring out my point of character advertising. The less you say in small space the more attractive your ad will be. Don't put anything in your ad that is intended as a knock at your competitor. If you can render a better service in any way than some other company, it won't take long for your customer to find it out. First of all then, state what you are selling then make suggestions to the people whom you wish to reach, as to how and why they should buy your merchandise, and in a general way your terms, that is to say state that the loan is payable in monthly instalments thereby reducing the interest each month. Last, but by no means least, state that you are under the supervision of the State Bank Commissioner. This alone will add character and prestige to your business.

THE "LOAN SHARK"—FOE OF INDUSTRY.

Lack of Credit Facilities by Factory Workers Held to Be Employers' Problem from Self-Interest Angle.

H. F. Woods

American Industrial Lenders Association.

Some years ago one of our epigramatic legislators in defending the lavish expenditures of a more than usually extravagant congress, said: "This is a billion dollar country." And truly it is. In fact, it might be said to be an eight-billion dollar country, for the total annual turnover in the nation, according to estimates by Frederick Todd, secretary of the First National Foreign Banking Association, is approximately the figure.

The total money stock of the United States amounts to only $8,700,000,000, of which an average of about $4,000,000,000 is in circulation. Consequently it is only by the liberal use of credit in various forms that it would be possible thus for every dollar in circulation to do the work of $2. But this great use of credit, for the most part, is confined to that part of the population which has banking accommodations—less than ten per cent, according to financial authorities—and it is absorbed almost wholly by the 2,000,000 business concerns in the country. About 95,000,000 people, or about 86 per cent of the population, have no banking accommodations, do not possess the securities or property that would be required as collateral for bank loans and must seek elsewhere for credit facilities.

Where are they to seek for these facilities? For the man or woman who has no collateral acceptable to banks on loans the only possible recourse is to the money lender, of whom there are two classes, the legitimate licensed lender and the "loan shark." The ranks of the first named are limited by circumstances which their national organization is now, and has long been, endeavoring to overcome, but the extortionate lender flourishes wherever the legitimate lender is not doing business. The necessitous borrower, if he cannot obtain credit on equitable terms has no alternative in his extremity of need but to seek it from the extortioner whose interest rates range from 240 to 480 per cent a year and very frequently higher.

Employers have a responsibility in this situation; they also have a self-interest in its correction. While they cannot justly be held accountable for the lack of a general system of equitably providing credit for their employes, they nevertheless share responsibility with the great body of the public wherever the state has neglected to enact laws whereby such credit may be accorded. Their self-interest in the correction of the evil lies in the fact that it undoubtedly is costing them millions of dollars of losses annually in the impaired efficiency of working men. For it is conceded that conditions in their lives outside working hours to a large extent affect the quality of work men do. Sickness, domestic troubles, debts or financial worries of whatever sort inevitably follow the working man from his home to his place of employment and slow up or otherwise mar the quality of his services. And of all his worries, debts are the leading cause, debts in many cases due to circumstances beyond his control and for the alleviation of which credit often is to be obtained only on terms which in the long run will make his last state worse a hundred-fold than his first.

The fact that banks do not supply the credit needs of small borrowers is not their fault. That they cannot do so except at a loss is well known to financiers, but it is doubtful if the average man realizes just why this is so. A $300 balance, it was estimated recently, is carried by a bank at an actual loss of $.70. Of this $300, it was computed 15 per cent, or $45, must be held as a reserve, leaving $255 available to the bank to lend. The yield to a bank in a year on this acount at 6 per cent would be $15.30; the overhead cost to the bank of carrying even an inactive account is $1 a month, or $12 a year; about 200 checks are drawn or deposited on an account of this size at a direct cost of $.02 each, or $4 a year. Thus, the total cost of that account would be $16 for the year, as against yearly interest earnings by the bank of $15.30, leaving a loss of $.70.

This accounts for the existence of small loan companies, that is companies which lend in sums not to exceed $300 at an interest rate higher than that charged by commercial banks for loans. It is estimated that credit is supplied by these small loan companies to necessitous borrowers in an annual sum of about $150,000,000 in average amounts of $100 to some 2,400,000 persons, on an invested capital of about $100,000,000. But a total of $150,000,000 annualy in small loans to this small proportion of the 95,000,000 people in this country who lack commercial banking accommodations will hardly be considered as adequate credit provision for those who need ready cash to meet demands where the limit of credit previously given has expired and for other emergencies requiring cash only, not credit. It is unquestionable that the small loan business is a necessary one, but there is at present a serious obstacle to any adequate extension of legitimate industrial financing.

This obstacle is the absence in all but a score of the states of laws that rigidly license and regulate the business of money lending. This failure by some of the states to enact modern and scientific legislation recognizing the need of industrial credit and protecting borrowers from gross exploitation by lenders has been the one fruitful reason for the survival of the loan shark evil for it is only in such states that extortionate lending exists in exclusive possession of a field into which the lender who will consent to do business only in a legal way and at a fair profit—no more, no less—will not venture. It is this absence of a general system of licensed lending throughout the nation that has limited the flow of industrial credit on equitable terms, and which the American Industrial Lenders Association is engaging in a determined effort to correct.

The importance of the subject has been recognized before this by the Russell Sage Foundation, which some 14 years ago did splendid service in the initial task of putting the lending business on a scientific and humane plane. The Foundation was largely responsible for the only practical device, which through the centuries has been effective to abate the "loan shark evil." But the "loan shark evil" still flourishes, although in greater circumscribed area. It is the purpose of the American Industrial Lenders Association to legalize even this circumscribed area.

Realizing that the credit needs of the industrial workers have not been generally met and under existing conditions in many states cannot be met on any fair terms, the Foundation about two years ago began a survey of the entire small loan field, choosing as director of investigation Dr. Louis N. Robinson, formerly of the Department of Economics of Swarthmore University. In this work Dr. Robinson is being assisted by the American Industrial Lenders Association, which is a national organization of persons and corporations who do business only in states where the lending business is licensed and supervised by the state. This survey is the second the Foundation has sponsored, the first being made subsequent to the establishment in 1910 of a Division of Remedial Loans by the Foundation.

Upon the findings of a commission of eminent sociologists carefully selected by the Division a uniform small loan law was drafted in 1916, providing for licensing by the state of industrial lending, its supervision by the state banking departments and fixing the maximum rate of interest that could be charged on unpaid balances of small loans. The law was strict in its provisions and the maximum rate fixed by it was based on actual calculations to give the lender no more than a fair profit. It was endorsed by many noted students of the problem and has been enacted into law by a score of the states. It has been found effective in its purpose of affording credit to necessitous borrowers on terms fair alike to lender and borrower and in these states where it is in force it is conceded to have abated the loan shark evil. It has never been repealed in any state where it was enacted.

The uniform law resulted in an unprecedented thing. It established as a legitimate business one that for centuries had been regarded with opprobrium and attracted to it the capital of men of fine character and large responsibility, quite in contrast to the type who in an era of unregulated lending had ground the faces of the poor by the most cruel and oppressive actions and methods.—*Michigan Manufacturer and Financial Record, March 8, 1924.*

Safety first. Even the man who boasts of his mansion in the sky shouldn't neglect his fire-escapes.

PUBLICITY.

New York.—Salaried men and women of the class popularly known as "White Collar" workers form the largest single class of small borrowers and therefore afford loan sharks their greatest opportunity, according to an analysis of the types of necessitous borrowers made public to-day by the American Industrial Lenders Association. That charity is not the solution of the problem of supplying credit to those who lack banking accommodations, and that constructive legislation licensing and regulating money lending under State Banking Department supervison is the only remedy, are conclusions drawn from the analysis.

The analysis was based on a typical report of one month's business by an industrial loan company in New York City, classifying 2,444 borrowers by occupation. This report showed that of these, 1614 borrowers were in the "white collar" class, including in the order of their numbers: clerks, proprietors and partners of business concerns, salesmen, agents, factory operators, managers, bookkeepers and accountants, secretaries and stenographers, teachers, telegraphers and dispatchers, doctors and dentists, and writers.

Of the other classified borrowers, 497 were wage earners, in which class firemen and policemen were included. Of this class, 198 firemen borrowers, and 114 policemen, formed by far the largest proportion. The borrowers in miscellaneous occupations numbered 333.

Commenting on this analysis, the Association's statement says: "Contrary to common belief, the necessitous borrower does not belong to the class of 'bums,' 'down-and-outs,' or even 'ne'er-do-wells,' but for the most part to the ranks of ambitious, hard-working and self-respecting persons of small incomes who are compelled to borrow because of sickness, deaths in the family, pressing debts, or to acquire property, go into business, get a profession, bring relatives to this country, or for some other emergency in their lives equally urgent.

"It is obvious that this class will not consent to resort to charity for relief. They do not ask charity but an equal opportunity of helping themselves. Their needs must be met and their only recourse is to seek a small loan. Their circumstances should not be allowed to form the opportunities for unscrupulous lenders; they should be protected by the state from unfair and extortionate interest rates. This protection is not afforded by the states where the laws do not regulate the business of money lending, prescribing the maximum rate of interest that may be charged. The Uniform Small Loan law advocated by the Russell Sage Foundation, as enacted into law by many states, has been a Godsend to small borrowers."

THE RECEPTION AND TREATMENT OF APPLICANTS AND CUSTOMERS AT THE OFFICE.

By Lyn C. Perkins, *Mgr. Beneficial Loan Society, Wilkes-Barre.*

It is generally recognized that the big problem confronting the small loan business is to influence public opinion to a more favorable attitude towards us. Much has been done along these lines but there still remains a lot that we can do. If we in the offices can get the proper attitude and spirit it will be a strong factor in accomplishing our aim, for we are the ones who come into daily contact with the borrowing public, and it will be largely our attitude and way of handling our customers and prospective customers which will mould the opinions of those with whom we do business and consequently a large percentage of the public directly and indirectly. There was a time when the only way known to the small loan men to collect an account was to see how rough he could handle it and intimidate the borrower into paying.

We have only to walk into the average office of to-day to see how much has been accomplished in doing away with this practice. Customers are handled more courteously, more consideration is shown for their feelings and as a consequence we are attracting a better class of borrowers, and this means better future business in this field of usefulness and service that is rendered to those that are without means to secure credit, and this includes 85% of the people.

There are any number of people who would come to us for aid if they could be assured that the transaction would and that they would be treated considerately and courteously and all information given gladly without a rebuff.

There exists, as we all know, a certain reflection on the business of to-day because of the old high rate money lender. The public is a long way from being educated to the fact that the business as it is now being conducted is entirely separate and distinct from the man who used to charge usurious interest and did not care what hardships he worked on those who were forced to come to him in an extremity so long as he got his 100% or more, sometimes less, but always higher than was due him for the service he rendered.

I do not mean to say that all people associate us with this class, but a large class believe that we receive more than we should, and it is only by a careful explanation of the facts surrounding our business, how the charges were arrived at, wherein the small loan business differs from the bank transaction, and why it is not possible for us to lend at the same rate of interest, that they will have a clear idea of our position. As a consequence they will feel better satisfied that we are giving them a service at a cost that is fair to them and to the man who invests his capital into it. We all know that a satisfied customer is a booster and a dissatisfied one is a kicker. Usually the kicker has nothing to kick about but he thinks he has and it amounts to the same thing as far as we are concerned with that particular person. It is far better to spend an hour if necessary on that man or woman and show them their mistake than to let them leave the office with the wrong impression. If they are handled right they can see their mistake and will be able to understand our side.

It pays at all times to be frank and above board, subterfuge and trickery are not necessary in the conduct of the business.

A deal should be handled properly from the start, a person given the amount of loan that they can pay without distressing themselves, and the entire transaction explained to them thoroughly so that they know just what is expected of them and the service we are rendering.

An applicant should be received at the office, when they call to inquire about a loan, courteously and shown into a private room where there should be a rate card showing the amount of payments on the different size loans. The rate card gives them an opportunity to study the costs so that by the time the manager interviews them they will have arrived at some idea as to the amount desired. The importance of handling an application cannot be exaggerated for this will influence the future customers conduct to a large extent and often decides the course of the account. The entire transaction must be explained thoroughly, all information possible about the applicant gotten, as it is principally on information that the loan is made.

A large percentage of the demands for the small loans comes from a class of people who have neither real estate, stocks or bonds, and who cannot procure personal guarantors acceptable to bankers. Personal property, mainly household furniture, forms the basis of security upon which the small loans are made, but it is necessary that the applicant has sufficient income to meet the payments and that his obligations at the time of making the application are not large enough to seriously interfere. It is necessary that we learn what the income is, if the applicant's position is permanent and the length of time employed. As the workingman owns little besides his weekly wage it is certainly important that this be steady, for out of this each week or month must come his rent, food, clothing and other household expenses, which are usually incurred for the period that his salary is drawn leaving no surplus for unusual expenses such as sickness, death, marriage or any of many causes. It is one or more of these things which prompts him to leave an application for a loan. Such demands are unavoidable and a fair industrial service ought to be provided for them. This is recognized by modern small loan laws which have been passed in the principal States in recent years.

This should be explained to him at the time the application is made in a courteous manner leaving no doubt in his mind as to the charges, form of payments, conditions and manner in which the loan is made. He should know that the transaction will be confidential throughout and that everything possible will be done to render him the service in a quick and quiet manner.

Applicants leaving a loan institution of to-day should be so well sold modern loan service that they can assure uninformed prospective customers that in turn can take advantage of the opportunities the small loan business affords them at this period.

A well satisfied applicant leaving your office is an asset to the business.

INDIANA.

The annual meeting of the Indiana Association will be held in Indianapolis, Wednesdav and Thursday, May 21 and 22. Please note this on your calendar.

A lower court decision has been favorable in a case where the constitutionality of the Indiana Small Loan Law was contested.

A BRIEF SKETCH OF THE SMALL LOAN SITUATION IN SCRANTON.

By Mr. Huenkemier, Mgr. Community Finance Service, Scranton.

Having received unexpectedly a request to talk on some phase of the loan business, particular to this locality and as this request required an immediate declaration of my subject, I selected one broad enough to cover any phase that I might decide on when time permitted. So this talk will be within the copious boundaries of *"A Brief Sketch of the Small Loan Situation in Scranton."*

Scranton, the heart of the anthracite coal mining activities and a great railroad center; consisting of five steam and two electric roads, the home of enormous silk and lace manufacturing industries; headquarters of the largest correspondence schools in the world and numerous other business enterprises; employing thousands of men and women; surely is the City of Opportunity. Within a ten mile radius we have about 400,000 persons. The two predominating industries, the two having the greatest bearing on the community are the mining and railroads. As one is dependent upon the other the prosperity of Scranton relies to a very great extent upon both. My personal experience in the loan business in this locality dates back to 1921 and the phase of the business to be featured in this talk will cover from that time to the present.

Usually we think that as long as our car runs smoothly it is only necessary to look after the oil, gas, and water supply, but if the car balks we must get out and get under to find out why it won't go and remedy the cause. Usually the trouble is found to be of some nature that requires slight adjusting to set it right, but perhaps the difficulty is serious. However, if we had taken time to go over the car, tighten a nut here, put a little oil there, that attention would have saved us the inconvenience of being stalled. With proper care the car will not stall. Just so in any line of business and in particular our own, and I will try to show that our car was not only supplied with oil, gas and water, but had been given other little attentions.

For some time after my arrival in Scranton, business ran along smoothly. Loans were made in fair numbers, collections good and delinquents few. Month after month showed a steady increase and a new high mark reached. At this time our community developed the long running anthracite strike which was a little later joined in by the Railroad Shopmen. Here we have the two main-stay industries of Scranton out on strike. The miners were out about nine months and a state of strike is still on in the railway shops, covering about two years duration. The tie-up was general, thousands of wage earners out of employment and their income cut off. The industries not effected by strike could not absorb the vast numbers who applied for work and as the strike grew in time from weeks to months with apparently no settlement in sight conditions generally became serious. All lines of business felt the effects but above all the strikers and their families, many of whom felt the need for actual necessities of life.

Hundreds of these strikers were carrying loans, some for the first time and others may be classed as old customers. Our patrons, by the way, are mostly those who are unable to secure a loan through regular banking channels, but they are self-respecting and worthy and do not hesitate to give as security for the loan their furniture usually the only form of security they possess. This would signify that the borrower, regardless of his straightened circumstances would not risk his only possession unless he had a reasonable faith in the concern to which he applied and faith in his own ability to meet the contracted obligation. So much for faith and ability and for their part these two virtues were sorely tried. Paying bills could have only a remote position in a man's mind when he and his family were experiencing so much difficulty in securing sufficient food and retaining their places of shelter, consequently payments on loans could not be made as contracted. We did not proceed to close the delinquent accounts by selling the security—neither did we harrass the borrower. This situation was met by extension of payments, by advancing additional funds, by renewing expired notes, by arranging credit for new borrowers forced for the first time to seek aid in this manner, and by helping in every way possible to make conditions better. This state of affairs quite naturally checked our rapid progress but while we were marking time in one way we were strengthening our forces by creating good will and faith among our patrons who are now showing their appreciation for the fair dealings and helpful policies by referring their friends in need to us.

Several years ago these facts would have sounded odd and perhaps would have been classed as a fairy tale or a dream but with the legalizing of the business, men of the right kind have been enrolled in the loan service—men who are representative of the highest ideals of business—men who realize that the profit in dollars and cents is not all that is desirable in promoting and pursuing business. Well might we adopt such a motto as "Lend and Do Good."

This concludes my talk and while I feel that perhaps you loan men may have become a trifle bored by having a few of your true virtues brought to light in public, our esteemed guests who for the first time are gaining a definite knowledge of our work may thereby apply comprehensive thought to a business that is operating so extensively around them and which unfortunately is so little understood. It is through our straightforward methods that we desire to be known.

MARYLAND.

The monthly business meeting of the Marylaid Industrial Lenders Association was held on Tuesday, April 8, 1924, at 7:30 P. M. in the M & M Building, 22 Light Street, Baltimore, Maryland.

Those present were: C. A. Gardner, United Finance & Security Corp.; E. E. Hougham, Howard Hood, Atlas Loan Society; Lewis F. Eckhart, Peoples Loan Company; H. C. Moore, Peoples Finance Service Company; J. E. Turner and Herman Lappe, Community Finance Service Co.; R. L. Smith, H. T. Mattingly, Clifford Smith Master Loan Service Inc.; J. D. Goldrick, Union Loan Company; A. L. Wick, Supervisor Household Finance Service Co. and Peoples Finance Service Co.; Wm. Young, Glenn S. Knapp, Supervisors Community Finance Co.; H. H. Larsen, Supervisor People Loan Company.

The meeting was called to order by Chairman Gardner.

On motion of Mr. Mattingly, seconded by Mr. Hougham, the following bills were approved and ordered paid:

Advertisement in Baltimore Magazine for March, April, May, $41.25; printing in connection with the Annual Banquet, $27.00.

Financing the tenth Annual Convention of the American Industrial Lenders Association at the Southern Hotel, Baltimore, Maryland, September 24-25-26-27-1924, was brought up for discussion of which the majority of the members participated.

It was definitely decided that each office was to be assessed $100 and if necessary contribute up to $2 per $1000 according to the investment of his office covering year 1923, in order to meet the expenses of the tenth Annual Convention as stated. Fifty dollars of the above assessment is to be paid by each office to Treasurer Goldrick by June 1, 1924.

The following amendments were adopted by the members to govern the exchange and credit information in general.

Amendments Adopted April 8, 1924.

18. The Bureau shall be known as, The Maryland Industrial Lenders Exchange Bureau.
19. The Officers of the Bureau shall be the Executive Committee, who shall have entire charge of the property, interest, business and direction of the Exchange with full power and authority to manage and conduct the same.
20. A membership, in the Exchange Bureau, shall consist of any office making small loans not exceeding $300, under license of the Banking Commissioner of Maryland. An applicant for membership possessing these qualifications may be admitted to membership upon the unanimous approval of the Executive Committee, such action shall be subject to ratifications by a majority of members present at any regular stated meeting.
21. The applicant shall then pay to the Treasurer the sum of $25 an an entrance fee.
    - (a) Any elected member upon having received proper notice of his election to membership in this Bureau shall file with the Exchange Bureau, a list of all open accounts on his books within thirty (30) days after receiving such notification.
    - (b) No member shall clear names through the Exchange Bureau for any other than the membership licensee.
    - (c) All members must confine themselves to sending in cards furnished by the Exchange Bureau each day, which shall be mailed in envelopes bearing on the outside thereof, the code number of the member, also the code number upon the card, they shall be typed with the surname first, the man's given name or names including initials in full and the wife's name in like manner, including their present address or addresses for at least two years previous. The card shall contain the member's office number and the date of application. Where applicant is not married and the name of a comaker or guarantor is offered an individual card must be made out for each and the same sent to the Exchange Bureau properly designated as above described.
    - (d) Members shall be required not to make any new loans on names not previously cleared until after 10 A. M. of the morning following the date of sending record of application to the Exchange Bureau, by which time the Bureau will have its records searched and compared with the file, where the Exchange Bureau has any information or reference to the applicant or co-maker, or indorser or guarantor, being indebted to other members, the Exchange Bureau shall notify the member by telephone before 10 A. M.
    - (e) In instances where members are so notified by the Exchange Bureau of the applicant having applied to another member, the former shall telephone the office mentioned in the information supplied by the Exchange Bureau to ascertain if the applicant has any existing loans, in the event there is a loan balance, proper information for making settlement should be obtained and if the applicant is accommodated settlement shall be made to the member or members.
    - (f) Where the guarantor of a loan made by a member of the Exchange Bureau applies to another member for a loan, the member receiving the application may exercise his discretion as to the advisability of making such a loan. If such guarantor applicant is required to furnish an endorser or guarantor, such endorser or guarantor must not be the maker of the loan upon which the applicant guarantor acted as guarantor.
    - (g) No member receiving information from members through the Exchange Bureau shall appropriate the information for the purpose of soliciting the business of an applicant of another member, nor in any manner capitalize the information so rendered, at the expense or to the disadvantage of the member proposing the application.
    - (h) Any member having cause for complaint against the operation of the Exchange Bureau or against any of its members, shall make such complaint in writing and file with the Chairman of the Executive Committee, which body shall have power to act unless the defendent is one of the Executive Committee in which case he shall have no vote.

      The Executive Committee shall have the power to summons any member for interrogation on any complaint of another member provided the complainant member appears in person to press the complaint.
    - (i) In the event of the dissolution of the Exchange Bureau, all books,

papers, minutes, records, cards, etc., shall be destroyed by the Executive Committee, and any funds on hand or proceeds of any sales of any assets of the Exchange Bureau that may be in the treasury at the time of dissolution shall be given to the general fund of the Maryland Industrial Lenders Association.

(j) Any member concluding his membership in the Exchange Bureau in whatever manner, forfeits all right to the privilege and equity in the Exchange Bureau.

(k) Any member may cancel his membership in the Exchange Bureau by giving 30 days notice in writing to the Executive Committee, and upon the payment of any and all moneys due to the Exchange Bureau.

(l) These rules and regulations may be amended, repealed or altered in whole or in part at any regular meeting of the membership, or at any special meeting where such action has been duly announced in the call, provided that a majority of the entire membership shall vote for such amendment, repeal or alteration.

(m) All cards and records shall remain the property of the Exchange Bureau. No member shall have access to the records.

(n) No loan is to be renewed unless the balance owed another member is paid unless the amount is in excess of $300 in which case the loan may be renewed for the balance only with the consent of the member involved.

22. Section 6 is hereby amended and added to as follows: He shall keep or cause to be kept a separate, distinct and complete record of all money paid in by members for financing of the Exchange Bureau, and also all money paid out for expenses for the Bureau.

The following were elected to membership in the Exchange Bureau: Atlas Loan Company, Household Finance Service Company, Peoples Finance Service Company, Community Finance Service, Peoples Loan Society, Union Loan Company, Master Loan Service Inc., Equitable, Calvert and Fayette Branches.

The members will be notified as to the date of the opening of the Exchange Bureau. H. C. Moore, *Secretary.*

VIRGINIA.

We quote the following interesting information from the Thirteenth Annual Report of the Banking Division, State Corporation Commission of Virginia, at the close of business, December 29, 1922.

"There were twenty-seven uniform small loan licensees in this State at the end of the year, December 31, 1922, with a working capital of $1,457,468.00 employing ninety persons, caring for 25,720 accounts, making loans ranging from $5 to $300, averaging $54.33. Interest collected for the year ending December 1, 1922, amounted to $458,827.00, from which expenses and losses amounting to $282,482.00 were deducted. The law now in force affecting these companies fixes a single rate of 3½% per month, which covers all charges to be made against the borrower except recording fees. It is believed by many that the small loan law of Virginia as amended by the General Assembly of 1922 is on the whole the best law of its kind in force in any of the States."

Also from the Fourteenth Annual Report, from the same Department, at the close of business, December 31, 1923:

"There were thirty-two small loan licensees in this State at the end of the year, December 31, 1923, with a working capital of $1,826,809.65, employing more than one hundred people, caring for 25,211 accounts, making loans ranging from $5.00 to $300.00, averaging $72.00. Interest collected for the year ending December 31, 1923, amounted to $573,944.56, from which expenses and losses amounting to $387,312.18 were deducted, leaving a net earning of $186,682.38, or an average of 10.22 per cent on the capital invested.

"Since the passage of the law placing the small loan operators under the supervision of the banking Division, forty-four have been licensed, and of this number twelve have discontinued business."

HEISKELL HOLDS LOAN PURCHASES ARE LOANS.

Another Batch of Suits Comes Against Sharks.

Chancellor Heiskell held yesterday that the claims of the loan companies that they do not loan money but only buy earned but not yet paid salaries is but a subterfuge and that the transaction is really one of loan and borrow. Following the last time that the matter went to the supreme court the agencies doing that kind of business have posted in their offices big signs: "We do not loan money; we buy salaries." It was by this means that they hoped to get by, but the chancellor held that these signs were but a subterfuge and that a change in name does not change a fact.

However, the complainant in this case, Alf. Scott, negro, was so ignorant that he could not tell the court what he was entitled to recover and the amount will be small for that reason. Under the court ruling Scott is entitled to recover all over 6 per cent that he had paid for the past two years, the statute preventing recoveries prior to that time. Scott, of course, had no records of the payments, for the loan companies take no chance on letting records fall into bad hands. Nor could the records be obtained from the company. They were ordered from the home office at Nashville of the Union Investment Company and also the home of H. B. Meadows, his son, who claims that the father sold him the business since this suit was filed. The home office claims that all of the records have been burned. The chancellor's reference to that claim were quite sarcastic.

There was an hour's fight on an attempt to get the records from the office of the company here by Charles S. Seay and I. A. Clement, counsel for Scott, and T. F. Kelley, counsel for the company, older almost by a generation in the practice of law than they are. Mr. Kelley threw every possible legal obstacle in the way of the search by an outsider, but the chancellor held with Messrs. Seay and Clements and sent his deputy, Mr. Abington, to the loan office, but he got no records.

Scott had claimed that for seven years he had paid interest at the rate of 520 per cent, a total of 3,600 per cent, but as he will be able to prove but a small portion of that his recovery will be small.

Mr. Kelley stated prior to the ruling that in the event of an adverse holding he would appeal the case. This holding may put the loan men out of business, as the same line of holding would enable the grand jury to indict and the criminal courts to convict the proprietors.

During a hiatus in this case Chancellor Heiskell signed fiats to five bills against other loan companies and against the Illinois Central Railroad Company. I. W. Smith is the complainant in all of these bills. They are against the American, the New York Life, the Boston, the Federal and the Lee companies, with all of whom he claims to have dealt. He claims that they charged him as interest not less than a rate of 260 per cent and sometimes a maximum of 1,040 per cent per annum. Brahan Houston the counsel in this series of cases, asks that they be restrained from collecting any more from the railroads and that the roads be restrained from paying the sharks any more money on Smith's loan on the ground that the usury that he has paid now aggregates more than the principal and legal interest. Memphis Commercial Appeal, *March 18, 1924.*

VICTIM OF LOAN SHARK FILES SUIT.

A suit for $70.50 was filed yesterday in the court of James J. Shephard, justice of the peace, by David L. Agnew, loan shark victim, against the Santa Fe railroad.

Agnew, in his petition, charged that the Santa Fe is withholding $70.50 due him as wages October 15. The Santa Fe is holding the wages to satisfy an illegal wage assignment filed September 15, by Ben Taylor, buyer of loan shark notes, Agnew charges. The assignment was served on the Santa Fe by Taylor, but never collected, it is charged.

Anthony P. Nugent, attorney for about 200 other victims of the money lenders, is representing Agnew. The case was set for hearing January 31. Two previous cases, similar to Agnew's, have been won by Mr. Nugent on the ground that the wage assignment was illegal. Mr. Agnew also will sue Taylor for damages charging he had caused him to lose his position with the Santa Fe. Agnew was discharged when the assignment was served.—*The Kansas City Mo. Journal, Jan. 23, 1924.*

HE KNEW HIS CROWD.

A minister in a certain town in Alabama took permanent leave of his congregation in the following pathetic manner:

"Brethren and Sisters: I come to say good-bye. I don't think God loves this church, because none of you ever die. I don't think you love each other, because I never marry any of you. I don't think you love me, because you never paid my salary. Your donations are mouldy fruit and wormy apples, and by their fruits you shall know them. Brethren, I am going away to a better place. I have been called to be chaplain of a penitentiary. 'Where I go you cannot come, but I go to prepare a place for you,' and may the Lord have mercy on your souls. Good-bye."

NEW JERSEY.

During the past month one of our Trenton members received a letter from a negro in which he charged that another negro evidently more prosperous was charging negroes 25 per cent per week on small loans. An investigation was made immediately with the result which may be learned from the following letter from Sol H. Vogel, chairman of the New Jersey Association:

"I am herewith inclosing a letter received by a member which is self-explanatory, thinking you would enjoy reading it. In connection therewith this member and myself called on this party who proved to be one of our prosperous negroes and he confessed that he was making loans in the sums of $10 and upwards but denied that he was charging 25% a week. He admitted, however, that if he loaned a man $10 and the man agreed to hand him $11 back there surely wasn't any harm in it. If on the other hand the man needed $4 or $5 and had no other security he would leave his overcoat with the gentleman. As a consequence of which he was good enough to ask Mr. Blank and myself whether he had a right to sell the overcoat after he kept it twelve months. We advised him that he was breaking the law in conducting the small loan business without a license also conflicting with the pawnbroker's law and the best thing he could do would be to collect his money in and quit the business, which he finally agreed to do on condition that we would not report him. We left him with that understanding and told him we would call on him again in a month or so and find out how he was getting along. If you feel in your estimation that this subject is worth passing along you have my permission so to do."

We say this is another evidence of proof that our members do police the small loan business.

LOAN MEN TO SUPPORT SECURITIES DIVISION.

Coöperation of the Ohio Loan Association with the state division of securities in throttling loan sharks and punishing violators of the state loan laws was pledged by the association at its midwinter meeting yesterday at the Chittenden.

Cyrus Locher, director of commerce, told the association the division is undermanned and that little can be accomplished without the help of the organization. He criticized provisions of the law that permits the major portion of the fees paid by loan men to find its way into the general fund, instead of being spent for their benefit.

He said the securities division never was intended to produce revenue, but was a police regulation and asserted that so long as the division collects $160,000 in fees annually and spends but $70,000, as now is the case, that the spirit of the law is not being carried out. "We need every cent that is paid in to properly administer the law and to give the public protection," he said.—*Ohio State Journal, Columbus, O., Jan. 24, 1924.*

DIVORCE LOAN BANK LATEST AID TO MISMATED COUPLES WHO ARE BROKE.

Pittsburgh, Sept. 11.—Lack of funds no longer need prove a hindrance to mismated couples who would obtain a divorce if they had money to pay attorney fees and court costs, according to A. M. Custer of Johnstown, of the Community Saving & Loan Company of that city, in an address to the Retail Credit Men's Association.

Custer stated that the newest thing in banking is the extension of credit to couples who seek legal freedom. He described the system and stated that not a dollar had been lost through loans.

He also stated that in several cases where the courts had seen fit to refuse a decree there had been no trouble in securing repayment of the money loaned. *Chicago Herald-Examiner, Sept. 12, 1923.*

CORRESPONDENCE.

Boston, Mass.
February 12, 1924.

Dear Mr. Kehr:

We know you will be sorry to hear that our very good Supervisor of Loan Agencies, Mr. Frank H. Pope, retires from office early in March of this year, thus bringing to a close many years of efficient and able public service.

Mr. Pope, although his looks belie the fact, has reached the retirement age, and thus both the public and the legal lenders in this state lose a valuable, courteous and pleasant Supervisor of Loan Agencies.

Very truly yours,
New England Equity Corporation,
J. R. Watson,
Assistant Treasurer.

The A. I. L. A. wishes through this paper to extend to Mr. Pope its appreciation of his services as an intelligent and faithful administrative officer and to express the hope that he may enjoy a long and happy life free from official duties. Mr. Pope contributed much to an intelligent understanding of the small loan business. His administration of the Massachusetts small loan law was followed by other state supervisors.

GOING FAST

Persons who want the A. I. L. A. Year Book for 1923 should send their orders accompanied by a dollar at once to the National Secretary, Box 778, Harrisburg, Pa.

A big demand for the Book kept up during the whole of January and it came from all parts of the country, so that few copies are left.

The last order received came from Hon. Frederick N. Zihlman, Chairman of the Committee on Labor, House of Representatives, Washington, D. C., and the reason he wanted it was because of the digest of small loan laws on pages 123 to 125.

WHEN YOU WANT FIXTURES ASK THE COMPANY FIRST.

It is always advisable for a prospective buyer of electrical equipment to consult the local power company relative to the characteristics of current available before making a purchase. The writer of the following letter to a southern power company had this well in mind:

Cincinnati, Ohio, July 10, 1923. Dear Sir I wood like for you to let me now whot kind of lectricey you all have down thire I got a Piano to cen Mattie Jones an the motor whot in it. it mite worke By that lectricey do you have ac. currence or derect currence this motor is a 1.10 bolt oblige to you if you let me know bea fore I send it to Mattie Jones. this is Charley Jones. Bro. Jim Jones in Cincin. ohio my bro is in Indianapolis Im oblige.

916 W. Mound St.,
Cincin. ohio.

The story is also told of a western farmer who bought an electric churn only to be advised by the power company that he could not operate a 25-cycle motor on a 40-cycle system. The farmer wrote the manufacturers of his predicament, resuesting that they ship him 15 more cycles.

PRINCIPLES OF BUSINESS CONDUCT

The function of business is to provide for the material needs of mankind, and to increase the wealth of the world and the value and happiness of life. In order to perform its function it must offer a sufficient opportunity for gain to compensate individuals who assume its risks, but the motives which lead individuals to engage in business are not to be confused with the function of business itself. When business enterprise is successfully carried on with constant and efficient endeavor to reduce the costs of production and distribution, to improve the quality of its products, and to give fair treatment to customers, capital, management, and labor, it renders public service of the highest value.

We believe the expression of principles drawn from these fundamental truths will furnish practical guides for the conduct of business as a whole and for each individual enterprise.

I. *The foundation* of business is confidence, which springs from integrity, fair dealing, efficient service, and mutual benefit.

II. *The reward* of business for service rendered is a fair profit plus a safe reserve, commensurate with risks involved and foresight exercised.

III. *Equitable consideration* is due in business alike to capital, management, employment, and the public.

IV. *Knowledge*—thorough and specific—and unceasing study of the facts and forces affecting a business enterprise are essential to a lasting individual success and to efficient service to the public.

V. *Permanency* and continuity of service are basic aims of business, that knowledge gained may be fully utilized, confidence established and efficiency increased.

VI. *Obligations* to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of employment, and increasing the efficiency and opportunities of individual employees.

VII. *Contracts* and undertakings, written or oral, are to be performed in letter and in spirit. Changed conditions do not justify their cancellation without mutual consent.

VIII. *Representation* of goods and services should be truthfully made and scrupulously fulfilled.

IX. *Waste* in any form,—of capital, labor, services, materials, or natural resources,—is intolerable, and constant effort will be made toward its elimination.

X. *Excesses* of every nature,—inflation of credit, over-expansion, over-buying, over-stimulation of sales,—which create artificial conditions and produce crises and depressions, are condemned.

XI. *Unfair competition,* embracing all acts characterized by bad faith, deception, fraud, or oppression, including commercial bribery, is wasteful, despicable, and a public wrong. Business will rely for its success on the excellence of its own service.

XII. *Controversies* will, where possible, be adjusted by voluntary agreement or impartial arbitration.

XIII. *Corporate forms* do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously and conscientiously discharged by those acting in representative capacities as when acting for themselves.

XIV. *Lawful coöperation* among business men and in useful business organizations in support of these principles of business conduct is commended.

XV. *Business* should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence.

Suggested for adoption at the annual meeting of the U. S. Chamber of Commerce, Cleveland, May 6-8, 1924.

1924 CONVENTION.

Suggestions are now in order from any member, and please do not be backward about writing the National Secretary, who is in charge of the program.

The committees handling the various details of this big annual gathering have been busy for some time and are gradually determining upon important features.

There will be addresses by prominent citizens and plenty of entertainment along with the business of the convention.

If any member has the name of any speaker to suggest, or will say whether he prefers to select his own entertainment in preference to going with the crowd, it will help the committees responsible for these features.

Shall the reports of the officers be read or just printed in the Year Book, and this time taken up by interesting papers and discussions? Let's hear from you with your suggestions.

W. K. PARKER DEAD.

We learn of the recent death at Cleveland of Mr. W. K. Parker, who has been engaged in the industrial loan business for many years, his more recent connections having been with the Beneficial Loan Society and Community Finance Service there.

Mr. Parker was capable, conscientious and accommodating and was highly respected by all who knew him.

SITUATION WANTED.

Position wanted by experienced, old line, loan man, married, can give the best of reference, bond, am 40 years old with about 16 years of Chattel Loan experience that will bear any kind of investigation. This is your opportunity to secure the services of a thoroughly reliable man that can show results. Address 2514 Bellfountain St., Indianapolis, Indiana.

WASHINGTON LOAN SCHEME MAKES POOR PEOPLE FIRST BUY STOCK.

A new twist in the loan business has been dug up by some enterprising promoters who have picked out the District of Columbia for their field of operations. They will loan money to poor people, who are so desperately in need of it that they have to "hock" their household furnishings, but before they make the loans they make the poor victims buy stock in their company. This combination is about as mean and contemptible as any I ever heard of. The very nature of their business precludes the possibility of their customers being anything but really poor people who, for the time being, anyway, are desperately in need of a few dollars.

These birds of prey work from two angles. They have the Commercial Loan and Finance Corp., and the Beneficial Building & Loan Association. The former has advertised through the daily newspapers that it will loan money in small sums on collateral, such as househould furniture and the like. Persons who have answered these advertisements have discovered that they must buy stock in the corporation, in order to obtain a loan. The fact that there have been numerous complaints has brought the enterprise to the attention of organizations who make it a point to investigate undertakings of this sort. Advertisements calling for deposits as low as one dollar, to be made in a building and loan association, and the fact that high pressure salesmen imported from New York have been going from door to door, giving a fountain pen to every person who opens an account, has caused the Comptroller of the Currency to ask the bank examiners department to look carefully into the operations of this enterprise, which claims to be operating under government supervision.

To obtain a loan of $100 from the Commercial Loan and Finance Corp., it has been discovered that a person must subscribe for one unit of stock for $120, and then must sign a note for $220, payable in ten monthly installments of $22 a month. The note pays for the stock and the loan. The person making the loan must also pay $10, which represents the expense of searching the title to real estate, or whatever is offered as security for the loan.

If monthly payments are forthcoming, no trouble is likely to ensue, but if the borrower happens to get behind in his payments, or refuses to go on, he receives a series of letters from the counsel for the company, calling his attention to his delinquency, and noting the fact that his security will be sold at auction, on a certain day, at a certain time. The attorney for the company also encloses a clipping of a published notice to the effect that an auction will be conducted by B. L. Fuller, who happens to be a brother of Frank T. Fuller, the attorney for the corporation, who collects the $10 fee, for searching the title of the property, offered as security.

If the company is forced to sell a borrower's collateral, the borrower discovers that he has agreed that the company shall take out what is coming to it with interest, and also five per cent to cover costs of collection, leaving the borrower what may be left.—*Hogan's Financial Digest.*

UNION BANK EXPLAINS.

Amalgamated Not to Use Funds to Buy Fuel for Workers.

Leroy Peterson, cashier of the Amalgamated Bank, and officials of the Amalgamated Clothing Workers of America conferred yesterday with State Banking Superintendent George V. McLaughlin concerning a report that the garment workers' bank would finance the purchase of coal and commodities by workmen.

A statement issued by Superintendent McLaughlin said that the officials declared that the news report, which indicated that the funds of depositors were to be used for the purpose of buying coal, were not correct.

The only relation of the bank to the purchase of coal or other commodities, said the statement, was that the bank proposed from time to time to make loans to credit unions and other coöperative associations that may assist their members in the purchase of commodities.

"In the extension of these credits they do not, however, propose to depart from any of the sound principles of banking," the statement continued. "This service of extending loans to credit unions and other coöperatives within proper limitations is not new, and wherever the banking risk is a good one the credit can be obtained from any of the other banking institutions in the state."—*N. Y. Times, April 16, 1924.*

HOLDS PAY ASSIGNMENTS VOID.

Justice Shepard Orders Santa Fe to Give D. L. Agnew $70.50 in Wages.

The Santa Fe Railroad was ordered yesterday to pay David L. Agnew, 964 Shawnee Avenue, Kansas City, Kan., $70.50 in wages held by the company on alleged assignments of wages to two loan companies.

Agnew testified he borrowed $40 from the General Investment Company last July, paying $3 for each two weeks.

He said he borrowed $25 from the Midwest Investment Company about the same time, paying $2.50 interest for each two weeks.

Agnew, through his attorney, Anthony P. Nugent, contended he did not sign wage agreements, but admitted he did sign some sort of document.

The assignments were filed by the loan companies October 14th and Agnew was discharged as a trainman the next day, he testified.

Justice J. J. Shepard ruled the alleged assignments were void, because any assignment to secure a debt at usurious interest was invalid.—*Kansas City Times, Feb. 20, 1924.*

WANTED: LOAN MANAGERS.

Middle aged man (married man preferred) with Chattel or Salary Loan experience, capable of managing a Chattel or Salary Loan office, with company operating a chain of offices. Address, confidentially, giving full details, experience, etc., L. A. WAGNER, 306 Caswell Block, Milwaukee, Wisconsin.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. VIII, No. 12. JUNE, 1924. Price, $1.00 a year.

CONVENTION NEWS.

Captains of the industrial banking business from all over the country will attend the tenth annual convention of the American Industrial Lenders Association to be held in Baltimore, September 24, 25, 26 and 27. It is estimated that five hundred delegates and their guests will be present at the convention, the sessions of which will be held at the Southern Hotel.

This year's meeting is of particular significance because of the number of important questions that will be discussed, prominent among which are the survey now being made by the Russell Sage Foundation of the entire industrial loan field of the country, and plans for the further advancement of the movement to improve small loan conditions in the nation. It is probable also that the convention will consider the matter of a nation-wide movement against extortionate money lenders particularly in states where there are no regulatory laws. Money lending is regulated in only eighteen states, from among the lenders in which the membership of the Association is made up, and at present the state associations affiliated with the national body are policing the business and bringing to the attention of the state prosecuting officials all instances of illegal money lending of which they obtain knowledge.

While the program of the convention is yet in the tentative stages, it is probable that the speakers included will be the Governor of Maryland and the President of Johns Hopkins' University, besides the Mayor of Baltimore and the Secretary of the Merchants' and Manufacturers' Association.

The annual dinner of the Association will be held at the Southern Hotel, Thursday night, September 25 and will be followed by a dance.

Among those who will attend the convention are Chairman Charles G. Mueller, Philadelphia; George W. Kehr, Harrisburg, National Secretary; Colonel Clarence Hodson, New York; Charles H. Watts, Philadelphia; H. T. Mattingly, Baltimore; Judge J. H. Dyer, Columbus, Ohio; J. H. Aufderheide, Indianapolis; W. A. Zumpfe, Indianapolis; W. P. Woll, Chicago; L. C. Harbison, Chicago; and Edgar P. East, Richmond, Virginia. These men are among the leaders of heads of institutions employing millions of dollars capital in the industrial lending field.

The local committee chairman who will have charge of the preliminary arrangements for the convention at Baltimore are: Financial, J. D. Goldrick, 201 North Liberty Street; Entertainment, E. E. Hougham, 111 West Lexington Street; L. H. Pumphrey, 206 West Fayette Street; Publicity, H. T. Mattingly, 322 Equitable Building, Baltimore; Hotel, W. F. Oliver, Jr., Citizens Bank Building; Ways and Means, L. W. Eckhart, 404 West Baltimore Street.

The conventions of the Association are always attended by many ladies, members of the families of delegates, and the local committee is formulating an entertainment program which will include luncheons, sight-seeing trips, a boat trip on Chesapeake Bay and possibly side trips to Annapolis and Washington.

SIXTEENTH ANNUAL CONVENTION.

The N. F. of R. L. A.

The sixteenth annual convention of the National Federation of Remedial Loan Associations which will be held at the Congress Square Hotel, Portland, Maine, Thursday, Friday and Saturday, June 19, 20 and 21 promises to be as interesting as the fifteen that have preceeded it judging from the program arranged which follows:

THURSDAY, JUNE 19—10 A. M.

Report of chairman, Arthur H. Ham, New York, N. Y.; report of secretary-treasurer, John E. Ryan, Detroit, Mich.; Progress of the Uniform Law, Walter S. Hilborn, New York, N. Y.; Some Aspects of the Small Loan Survey, Dr. Louis N. Robinson, Swarthmore, Pa.; Competition with Commercial Lenders, Chas. F. Bigelow, Providence, R. I.; Essential Points of Difference Between Such Enterprises and Remedial Loan Agencies: Purposes — Rates — Methods; Attitude Toward Borrowers, Repeaters, Delinquents; Foreclosure; Advertising—How These Differences Affect Operating Results.

THURSDAY, JUNE 19—2 P. M.

Advertising the Small Loan Business, A. L. Whitmer, Sioux City, Ia.; To What Extent Advertising is Necessary—Plans and Methods That Have Proved Successful.

Litigation and Its Avoidance, Ralph C. Glidden, Minneapolis, Minn.; The Law's Delays—Attorneys' Fees—Marshals' Fees and Methods—Other Disagreeable Phases of Litigation—How Litigation May be Avoided or Minimized.

FRIDAY, JUNE 20—9:30 A. M.

Accounting and Audit, D. S. Coffey, St. Paul, Minn.; The Fundamentals of a Good Accounting System, The Importance of Expert Supervision of Accounts—The Detection of Irregularities—Costly Lessons of Experience.

The Loan Association as a Municipal Asset, Wilson D. Clark, Portland, Me.

FRIDAY, JUNE 20—2 P. M.

Recent Developments in the Endorsed Note Business of New Jersey, William F. Davis, Newark, N. J.

Looking Backward, Five Minute Paper by Each Manager; Brief Incursions into the History of Federation Members; When and By Whom Organized; Under What Law; The Purpose Expressed; Promotion Costs; Governing Policies; Effect upon Local Situation; Financing Problems; Has Interest in the Organization Been Maintained; The Outlook for the Future.

FRIDAY, JUNE 20—8 P. M.

Meeting of Executive Committee.

SATURDAY, JUNE 20—9:30 A. M.

Executive Session.

Election of Officers; Miscellaneous Business.

The Societies are arranged in the Order of Their Organization.

Collateral Loan Co., Boston, Mass.
Thos. J. Reid, General Manager.
Workingmen's Loan Assn., Boston Mass.
J. C. B. Pinkham, Manager.
The Provident Loan Society of New York, New York, N. Y.
Frank Tucker, 1st Vice-President.
Worcester Collateral Loan Assn., Worcester, Mass.
John W. Litchfield, Treas.
Workingmen's Loan Assn., Providence, R. I.
Charles F. Bigelow, Manager.
First State Pawners' Society, Chicago, Ill.
Samuel Wolfort, Manager.
Citizens' Mortgage Co., Cincinnati, O.
Helen J. Cavanaugh, Manager.
Newark Provident Loan Assn., Newark, N. J.
William F. Davis, Manager.
Provident Loan Society of Detroit, Detroit, Michigan,
John E. Ryan, Manager.
Equitable Loan Assn., Minneapolis, Minn.
Ralph C. Glidden, Manager.
Welfare Loan Agency, Kansas City, Mo.,
M. M. Power, Superintendent.
Provident Loan Society, Seattle, Wash.,
E. S. Travis, Manager.
Provident Loan Co., Portland, Maine,
Wilson D. Clark, Treasurer.
Chattel Loan Society of New York, New York, N. Y.,
George H. Loh, Manager.
Provident Loan Society, St. Paul, Minn.,
D. S. Coffey, Manager.
Utica Provident Loan Assn., Utica, N. Y.
George E. Upson, Manager.
Provident Loan Assn., Sioux City, Iowa,
A. L. Whitmer, President.

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1923-1924.

Chairman, C. G. Mueller, 305 Flanders Bldg., Philadelphia.

Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—H T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—W. S. Herron, 404 Denkla Bldg., Philadelphia.
R. I.—G. E. Rich, 228 Main St., Pawtucket.
Va.—L. E. Pope, 206 E. Grace St., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, W. E. Pool, 63 Court St., Boston.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—E. I. McCuen, 417 Rogers Bldg., Jackson.
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Indianapolis Public Welfare Loan Assn., Indianapolis, Indiana,
R. R. Wickes, Manager.
San Francisco Remedial Loan Asso., San Francisco, California,
Albert C. Auger, Manager.
Provident Loan Society, Rochester, N. Y.
Fred A. Phillips, Manager.
Onondaga Provident Loan Association, Syracuse, N. Y.
Erasmus Pellenz, Manager.
Duluth Remedial Loan Assn., Duluth, Minn.,
H. A. Berg, Manager.
Portland Remedial Loan Assn., Portland, Oregon,
C. Myers Herrman, Manager.
Provident Loan Society, Dallas, Texas,
Nathan Halpern, Manager.
Lynn Remedial Loan Society, Lynn, Mass.
Arthur J. Northrup, Manager.
Provident Collateral Loan Co., Dayton, O.
H. S. Miller, Manager.
Provident Loan Society, Omaha, Neb.,
W. E. Palamatier, Manager.
Colorado Springs Provident Loan Society,
Colorado Springs, Colorado,
R. B. Wolf, Manager.

OFFICERS OF THE FEDERATION.

Arthur H. Ham, Chairman,
346 Fourth Avenue,
New York City.
John E. Ryan, Secretary-Treasurer,
301 Randolph Building,
Detroit, Michigan.
D. S. Coffey, Vice-Chairman,
320 People's Bank Bldg.,
St. Paul, Minnesota.
R. Cornelius Raby, Counsel,
346 Fourth Avenue,
New York City.

EXECUTIVE COMMITTEE.

Arthur H. Ham, D. S. Coffey, John E. Ryan, Albert C. Auger, Chas. F. Bigelow, William F. Davis, Ralph C. Glidden, George E. Upson, A. L. Whitmer.

PREVIOUS CONVENTIONS.

Buffalo, N. Y.	1909
St. Louis, Mo.	1910
Boston, Mass.	1911
Cleveland, O.	1912
New York, N. Y.	1913
Philadelphia, Pa.	1914
Baltimore, Md.	1915
Detroit, Mich.	1916
Cincinnati, O.	1917
Atlantic City, N. J.	1918
Minneapolis, Minn.	1919
Newark, N. J.	1920
Chicago, Ill.	1921
Washington, D. C.	1922
Sioux City, Ia.	1923

COMMUNICATIONS.

We beg leave to inform you that the Tenth Annual Convention of The Ohio Loan Association will be held at Cedar Point on Lake Erie July 23, 24 and 25, 1924.

We decided to hold our convention a little earlier than usual this year in order that the different managers and others might arrange for their vacations to follow the convention period.

The program has not been definitely arranged as yet, but will include a dancing party for one evening of the convention and probably a banquet.

The management of the hotel have granted to The Ohio Loan Association the following special convention rates on rooms during the convention period:

Rooms.—$1.25 per day each person, two in a room $2.00 per day, single.

Select Rooms—$1.00 and $2.00 per day each, two in a room $2.50 and $3.25 per day, single.

Rooms with Bath—$2.50 and $3.00 per day each, two in a room $3.50 and $4.00 per day, single.

Suites with Bath—(Limited Number) Two rooms with bath between; 2 single beds in each room $2.75 per day each person, two persons in each room.

It is important that applications for rooms should be made early, as this week will find an unusual crowd in attendance.

Very truly yours,
J. Fred Anderson,
Secretary-Treasurer.

GEORGIA.

The regular meeting of the Georgia Association was held in the office of Chairman Madison, May 16, 1924.

Chairman Madison called the meeting to order promptly at 2 P. M. All of the Atlanta Members were present. Mr. Sutton of Macon and Mr. Turner of Savannah were the absentees.

REPORT OF COMMITTEES.

Treasurer reported $55.49 with all bills to date paid. Mr. Lassiter reported for the membership committee, as making progress. Mr. Dismer of the Publicity Committee had nothing to report. Since meetings have been held in the afternoon and only managers attending, Mr. Maffett of Publicity Committee unable to attend, Chairman Madison appointed Mr. McCollum in his stead and Mr. Steimle to act in an advisory capacity.

Mr. Madison and Mr. Steimle reported much progress in their meeting with the Associated Retail Credit Men, with whom they met in open meeting, and at which time Mr. Madison addressed this Organization on subject entitled—"What is the Relation of Industrial Loan Companies to Credit Managers in Passing Credits." After the address, many questions were asked pertaining to our business. A more friendly feeling and a better understanding of the loan managers and the Industrial Loan Business was brought about through this meeting. A notice from the Credit Service Exchange has already been received by the members of the Industrial Lenders Association, requesting their coöperation in forming Clearing House, handling all classifications of lenders, which was brought about by this meeting.

It was properly moved and seconded that the Secretary write Mr. Gilbert, Manager of the Credit Service Exchange, advising that the Atlanta Members of the Georgia Industrial Lenders Association, as a body, will be glad to coöperate and will do all in their power to bring about such a Clearing House, and a committee will be pleased to meet with them at their convenience.

The decision of the Court of Appeals in the case of S. J. Masters vs. Jobson, was discussed at some length. According to the decision of the Court of Appeals in this case, it appears that all those doing business under Small Loan Law Act of 1920 are not calculating their interest correctly. The decision states we are dealing in months and not days, nor fractional parts of the month; in other words, interest apparently can only be calculated on the unpaid balance for one month at a time (30 days). Should a loan be made on the 20th of the month, and due the 20th of the following month, and it is not paid until the 25th, we are only entitled to 30 days interest (this also applies if paid ahead of time) interest for the particular month payment was due.

This case was won in the lower courts but was reversed in the Court of Appeals, and is now petitioned to be heard in the Supreme Court for a final decision. As the Court of Appeals' decision is ambiguous, it is absolutely necessary that we have a final decision from the Supreme Court.

President Madison urged that as many members as possible attend the National Convention to be held in Baltimore in September—that much benefit is derived from these conventions, and that the expense entailed in attending will be repaid tenfold.

President Madison brought to the attention of the members that the next meeting will be the Annual meeting. Nomination and election of officers for ensuing year, also the appointment of Delegate to attend National Convention to be held in Baltimore, Md., in September 1924, will be the main business of that meeting.

It was properly moved and seconded that the Annual meeting be held Wednesday, June the 25th, 1 P. M., at some hotel and luncheon be served at the expense of the Association.

Edw. M. Steimle, *Sec.-Treas.*

MARYLAND.

The regular monthly meeting of the Maryland Industrial Lenders Association was held in the Board Room of the M. & M. Building, 22 Light Street, Baltimore, May 13.

Those present were: E. E. Hougham, Howard Hood, Atlas Loan Co.; Louis F. Eckhart, Peoples Loan Society, J. E. Turner, Herman Lappe and Leroy Busch, Community Finance Service Inc.; R. L. Smith, Lee Pumphrey, H. T. Mattingly and Clifford Smith, Master Loan Service Inc.; A. E. Potter, Household Finance Service Co.; H. C. Moore, Peoples Finance Service Co.; Wm. Young and A. L. Wick, Philadelphia, Pa.

Owing to illness in Chairman Gardner's home, he was unable to be with us. Mr. Young presided.

Mr. Young, Chairman of the Membership Committee, reported he will have two companies to submit for membership at our next meeting.

Chairman Hougham of the Legislative Committee reported that Legislature is over for this session, and there is nothing new that would require action of this Committee at this time.

Mr. Pumphrey, Chairman of the Publicity Committee reported that the advertisement in the Baltimore Magazine has not been changed. He was successful in having an article published in the Hagerstown and Baltimore newspapers, re. Dr. Mueller Attorney Nugent, with respect to eliminating the loan sharks in Missouri.

Mr. Pumphrey was instructed to appoint a committee of two to assist him in writing future advertisements for the Baltimore Magazine.

Chairman Hougham of the Exchange Committee reported that the Exchange is about ready to function. A general discussion upon this subject took place by Messrs. Young, Wick, Hougham and Mattingly.

It was definitely agreed upon that offices having an investment of over $30,000 were to pay $20 per month as their share of the expenses in the Exchange, and offices under this amount to be assessed $10 per month.

Upon motion of Mr. Mattingly, seconded by Mr. Hood, Chairman Hougham was instructed to start the Exchange at the earliest possible date, and to call on each member when funds were needed.

Upon order of the Chair, the secretary was instructed to incorporate in the minutes of this meeting the following Committee Chairman to serve in connection with the National Convention to be held in Baltimore, September 24, 25, 26, 27, 1924.

Entertainment, E. E. Hougham; Publicity, H. T. Mattingly; Hotel, W. F. Oliver, Jr.; Financing, J. D. Goldrick; Ways & Means, L. F. Eckhart.

The Committee Chairmen were instructed with the plans for the convention as outlined at our April meeting.

A letter from Mr. Watts, Chairman of the Legislative Committee of the American Industrial Lenders Association addressed to Chairman Gardner was read, suggesting that the Maryland Association have printed for general distribution the amendment to the uniform small loan law as passed by the Maryland Assembly at the 1924 session.

This suggestion having the general approval of the members present, acting Chairman Young appointed Pumphrey, Eckhart and Wick to have 500 copies in book form of this amendment printed.

Upon motion of Mr. Mattingly, seconded by Mr. Moore, the by-laws of our Association were ordered be brought to date and an edition of 500 copies printed in book form. Messrs. Moore, Hougham and Mattingly being appointed to look after this printing.

H. C. Moore, *Secretary.*

MARYLAND.

The annual meeting of the Maryland Industrial Lenders Association was held at 7:30 P. M., on Tuesday, June 10, in the Board Room of the M. & M. Building, 22 Light Street, Baltimore, Md.

The meeting was called to order by Chairman Gardner.

The following members were present: J. D. Goldrick, Union Loan Company, Lewis Niemeyer, Saml. Masters, H. T. Mattingly, Lee Pumphrey, Clifford Smith, The Master Loan Service Inc.; A. E. Potter, A. L. Wick, H. C. Moore, Household Finance Service Co. and Peoples Finance Service Co.; Louis F. Eckhart, H. H. Larsen, Peoples Loan Co.; Herman Lappe, J. E. Turner, Glenn S. Knapp, Community Finance Service Co. Baltimore and Hagerstown Branches; C. A. Gardner, United Finance & Security Corp. E. E. Hougham, Atlas Loan Co.

Report of Officers.

Treasurer Goldrick gave a following report for the year ending June 10, 1924 which showed a balance on hand of $117.72.

On motion of Mr. Wick, seconded by Mr. Moore, this report was accepted.

Secretary Moore reports as follows:

As our good friend Collier, the street car advertising man says, "There is only room for facts in advertising" so with my report covering the activities of your association for the past year.

Our membership consists of 17, 16 of which are in good standing in state and national dues. There are 42 licensed lenders in Maryland as of June 6, 1924, 36 of which have their offices in Baltimore.

We have collected in state dues $608, and in national dues $925.

During the year 2 companies resigned, 2 companies went out of business, and we received 2 new members. Eight monthly meetings were held with an average attendance of 87% of the members.

I will not dwell upon the good work accomplished by the different committees, yet I desire to call your attention to a few important things the association has accomplished in the past year. The amendment to the present law and the taking up of the salary purchasing matter is indeed worthy of mention.

Those farsighted members who are really interested in having an exchange are to be complimented for their untiring efforts in helping to bring this matter to a successful conclusion.

Your association is being more widely advertised to-day than ever in history.

Few companies are making a practice of recording mortgages or charging notary fee. This is pleasing to the association.

Having served two terms as your secretary I earnestly request the nominating committee not to include my name among the officers for the coming year, yet I shall consider it a pleasure to serve on any of the committees.

The association at all times can depend on my close coöperation for the betterment and improvement of money lending conditions in Maryland.

On motion of Mr. Potter seconded by Mr. Hougham this report was accepted.

Report of Committees.

Chairman Hougham of the Legislative Committee gave a verbal report covering the past session of our Legislature and the beneficial results the members of the association have received in the way of eradicating the so-called salary purchasing people and the strengthening of our present law.

Lee F. Pumphrey of the membership committee proposed the names of the following companies for membership:

Industrial Loan Company, C. Howard Hood, Manager, 455 Calvert Building, Baltimore, Md.

Fidelity Finance Corp., W. F. Oliver, Jr., President, Drovers & Mechanics, Bank Building, Eutaw & Fayette Sts., Baltimore, Md.

Chesapeake Finance Co., F. DeSales Santry, Manager, 111 N. Charles Street, Baltimore, Md.

On motion of Mr. Moore, seconded by Mr. Hougham, the association accepted the above stated companies as members.

Chairman Pumphrey of the publicity committee reported that the Maryland Association has obtained more real publicity during the past year than ever in history. He has been successful in having articles published in the local newspapers throughout the state also the association has had several favorable write ups in the Baltimore Magazine in addition to the advertisement we are running monthly in this periodical.

Chairman Hougham of the exchange committee reports that in all probability the exchange will be ready to start functioning within a period of 10 days' time.

Unfinished Business.

Mr. Mattingly advises that the by-laws of the association have been brought to date and are in the hands of the printer to be printed in book form, also the amendment to the uniform small loan law as passed by the Maryland Assembly at the 1924 session is being printed for distribution among the members.

New Business.

The matter of financing the 10th, annual convention was discussed by practically every man present, and the secretary was instructed to write each member requesting that they pay to Treasurer Goldrick $50, at once, as part of the assessment of each office toward the expenses of the convention.

Mr. Eckhart of the convention committee advised that the committee will meet every Thursday morning at 10:30 A. M. at the old Colony Club, Emerson Hotel. A detail report covering the progress of each committee chairman will be mailed to National Secretary Kehr.

On May 22, 1924, a short meeting of the executive committee was held at Mr. Hougham's office. At this meeting Messrs. Hougham, Goldrick, and Mattingly were appointed to serve on the nominating committee for the election of officers for the year 1924-1925.

The following members were nominated and elected to serve as the executive committee for the coming year.

H. T. Mattingly, J. D. Goldrick, H. C. Moore, Louis P. Eckhart, E. E. Hougham and C. Howard Hood of Baltimore and E. Webster of Philadelphia.

The executive committee elected the following association officers: Chairman, Howard T. Mattingly; vice chairman, Louis F. Eckhart; secretary, H. C. Moore; treasurer, J. D. Goldrick; chairman of the executive committee, E. E. Hougham.

On Mr. Mattingly taking the chair, on motion of Mr. Hougham seconded by Mr. Moore, that the members tender a rising vote of thanks to Mr. Gardner for his able work in serving the association as chairman for the past year, and his untiring efforts in helping put over the top the real things the association has accomplished during his administration.

Owing to the lateness of the hour, Chairman Mattingly delayed appointing the chairmen of the different committees.

No monthly business meetings are held during the months of July and August.

H. C. Moore, *Secretary.*

MICHIGAN.

The Semi-Annual Meeting of the Michigan Industrial Lenders Association was held at Lansing, Michigan, May 17, 1924. At Hotel Downey.

Roll call was read by the secretary and responded to by 24 members of the Association.

Minutes of the last meeting were read and there being no corrections to same they were approved.

The treasurer made a report of the financial condition of the association which was accepted.

The matter of a suitable card to be issued to members of the association in good standing was discussed and several designs submitted and suggestions made after which it was moved and supported that the matter be referred to the treasurer with power to act. The motion was carried.

Battle Creek Loan Co., Battle Creek, Brooks Loan Co., Detroit, Wenona Loan Co., Bay City made application for membership in the association and all were duly elected.

At this time a general discussion was had upon the merits of the handling of the Michigan law by the State banking department the consensus of opinion being that the membership as a whole was well pleased with the administration of Mr. McPherson and his assistants and a special resolution committee was appointed by the President to formulate suitable resolutions to be sent to the Banking Department by the secretary outlining the very kindly feeling of the licensees toward the department.

At this time State Chairman Stroup read a very interesting paper upon the relations of persons having Chattel Mortgages on their property to general credits as administered by the usual City Credit Association.

At this time the convention listened to remarks from our state banking commissioner Mr. McPherson, his deputy Mr. Morman and Mr. Klench, Department Examiner, all tending to show a feeling of the desire for pleasant coöperation.

At this time an hour was given to a round table discussion of many subjects of interest to the members present after which it was voted to adjourn to meet in Battle Creek the third Thursday in October. E. I. McCuen, *Secretary.*

PENNSYLVANIA.

The regular meeting of the Pennsylvania Association was held in the banquet room, City Club, 313 South Broad Street, Philadelphia, at 2 p. m., on Thursday, May 1, 1924.

The meeting was called to order by Chairman W. S. Herron.

Sixty members, including guests, were present.

Report of Officers.

Treasurer Ezekiel reported on hand $2,568.11.

On motion of Mr. Wick, seconded by Mr. Gordon, this report was accepted.

Secretary Watts reported a membership of 101—98 in good standing as of July 1, 1924. One of the delinquent members is overdue since July 1, 1923. Seventy-five of our members are members in good standing in the American I. L. Association as of Aug. 1, 1924. There are 228 licensed lenders in Pennsylvania.

On motion of Mr. Ezekiel, seconded by Mr. Young, this report was approved.

Report of Committees.

Executive Committee Chairman Webster's report was received and on motion of Mr. Wick, seconded by Mr. Devine, was ordered spread on the minutes.

"A regular meeting of the Executive Committee was held at the City Club on Friday, March 28, 1924, with the following members present: Messrs. Moss, Hess, Hart, Herron, Ezekiel, Watts and Webster. In the matter of loans made by unlicensed and alleged illegal lenders in Philadelphia, it was agreed to lend every possible avenue of helpfulness to the Banking Department and its representatives in checking up the reports of illegal lending, and to confer with former customers of such lenders, making testimony available for the prosecuting officers.

"Action on the Pittsburgh report of salary purchasing cases,—it was agreed to take the question of prosecution under advisement awaiting the result of the Maryland I. L. Association's activity in the matter of prosecution of salary purchasing companies and the enactment of restrictive legislation on this subject.

"The committee in charge of selecting phrases to be used in advertising and otherwise, which would be satisfactory to the Banking Commissioner, submitted several which had the approval of the Commissioner. It was recommended that the secretary send them out to our members for their use. The committee was discharged with thanks.

"The next meeting of the Pennsylvania I. L. Association is to be held at Philadelphia on Thursday, May 1, 2 p. m., to be preceded by a luncheon.

"It was recommended that the Pennsylvania contract for a $50 space in the special edition of the *Philadelphia Progressive Labor World.*

"A meeting was held on April 28, 1924, at the City Club, Philadelphia, with the following present: Messrs. Hart, Herron, Moss, Ezekiel, Watts and Webster.

"A complaint, having been made by Mr. Holloway that the American Equity Corporation of Hazleton had violated the regulations of the Pennsylvania I. L. Association in the matter of false representations to his employees and an attempt made to employ his employees, was taken up and thoroughly discussed. After hearing from Mr. Buckman of the American Equity Corporation and Mr. Holloway, it was decided that Mr. Buckman had violated the regulations and ethics of the Association, although he probably did so unknowingly, that he was entitled to the benefit of the doubt and the application of the American Equity Corporation be recommended for membership.

"Respectfully submitted,
"Edward B. Webster,
"Chairman, Executive Committee."

Publicity Committee Chairman Moore, reported through Mr. Watts, that the article covering the Philadelphia meeting had appeared in newspapers pretty generally throughout the state.

Legislative Committee Chairman Kehr reported progress, but called the members' attention to the necessity at this time of acquainting themselves with their prospective legislative members in their home community. The Chair most urgently recommends that you see that Mr. Kehr's wishes are fulfilled.

Membership Committee Chairman Mueller reported three new members for the attention of to-day's meeting.

Entertainment Committee Chairman Hart and the Vigilance Committee Chairman Hart was absent. Messrs. Young and Wick of the Vigilance Committee reported having been attentive to the recent articles in the Philadelphia newspapers of a supposed borrower who had committed embezzlement because of his borrowing and of their having sufficient evidence to disprove this statement and that it would be given publicity in the near future.

Unfinished Business.

Chairman Herron of the Committee of Two, relative to our coöperation in the prosecution of illegal lending, reported the employment of Thomas Raeburn White, to assist the Bank Commissioner's legal adviser in Philadelphia.

On motion of Mr. Moss, seconded by G. R. Lobb, the committee having in charge the conference with the Bank Commissioner on the substitution of a phrase for the word "supervision" and the phrases agreed upon having been sent to the members, the committee was discharged with thanks.

New Business.

On motion of Mr. Young, seconded by Mr. Hess, the Rudolph Loan Company, 201 N. Broad Street, Philadelphia, was duly elected to membership.

On motion of Mr. Lyons, seconded by Mr. Burt, the American Loan Company, 525 Market Street, Chester, was duly elected to membership.

On motion of Mr. Young, seconded by Mr. Dobyns, the American Equity Corporation, 223 Markle Bank Building, Hazleton, was duly elected to membership. Prior to voting on this application the following statement was read by Mr. Holloway:

"When the name of the American Equity Corporation was proposed for membership in the Pennsylvania Industrial Lenders Association, I made what I believed to be a well-founded objection to their name being considered.

"The Executive Committee, I am informed, decided it best to allow the name of the American Equity Corporation to come before this body for consideration to-day.

"As a member of this Association, I wish to go on record as accepting the decision of the Executive Committee, who believe that the interests of the Association will be better served by having the American Equity Corporation as a member.

"I fully believe that it is the desire of the committee to do the greatest good to the greatest number and let me assure you that I know the greatest number cannot be number one.

"Harry D. Holloway."

On motion of Mr. Watts, seconded by Mr. Ezekiel, the sentiments in Mr. Holloway's communication were unanimously approved.

On motion of Dr. Mueller, seconded by Mr. Hess, the Chair was authorized to appoint a Committee of Two to attend the conference of members from every state organization and the national organization, on the matter of recording of salary purchasers. Carried. The Chair appointed Messrs. Kehr and Watts.

Mr. Kehr reported the suit for the recovery of interest, which involves the question of whether interest at 3½ per cent may be collected after judgment has been entered and that in the Magistrate's Court a $50 fine and judgment for such interest in excess of 6 per cent had been given. The case is now on appeal. An opinion from Thomas Raeburn White is being secured by the Association. Messrs. Ezekiel and Holloway spoke at length on this question and on motion of Mr. Ezekiel, seconded by Mr. Young, the Executive Committee was authorized to stand back of the case referred to by Mr. Kehr and if necessary carry it to the Upper Court.

A letter from Mr. Mattingly, Chairman of the Publicity Committee of the Baltimore Convention of the American I. L. Association, was read and on motion of Mr. Moss, seconded by Mr. Erdman, it was agreed that the Pennsylvania members should attend the Baltimore Convention, September 24th to 27th inclusive, and bring back to Pennsylvania the membership cup, which the Association has had for one year.

Mr. S. H. Vogel, Chairman of the New Jersey I. L. Association, was presented by former Chairman Ezekiel in a humorous manner. Chairman Vogel is leaving soon for California and his friend Mr. Ezekiel, lost no opportunity to tell of his many deeds, both good and otherwise.

Mr. H. D. Holloway, manager and owner, addressed the meeting on the subject of "Looking Backward Twenty-five Years in the Small Loan Business" and on motion of Mr. Wick, seconded by Mr. Young, a vote of thanks was tendered him for his having so vividly pictured the condition in the small loan business thirty years ago.

Mr. J. W. Batezel, manager, Philadelphia office of the Household Finance Service Company, read a paper on "Conducting a Small Loan Office for Service" and on motion of Mr. Gatter, seconded by Mr. Hess, a vote of thanks was extended to him and the secretary was to forward this paper to the Lenders News for early publication.

C. H. Watts, *Secretary.*

At the luncheon served in the banquet room, Mr. O. Howard Wolfe, Cashier of the Philadelphia National Bank, gave a most interesting talk on "Philadelphia As a Financial Center," and on motion of Dr. Mueller, unanimously seconded, a rising vote of thanks was tendered Mr. Wolfe for his address.

RHODE ISLAND.

The Rhode Island Industrial Lenders' Association held their annual meeting and banquet at the Providence Biltmore Hotel, Wednesday, May 6th, the affair closing with dancing until midnight.

The meeting was a jubilation over the passage of the Uniform Small Loan Law by the State Legislature last year and the State Association was congratulated by officials of the National organization including Dr. C. G. Mueller, Chairman of the American Industrial Lenders Association, and Charles H. Watts, both of Philadelphia.

At 6:30 a banquet was served at which some one hundred and fifty persons were seated and at which Mr. Watts was toastmaster. The Providence Biltmore Orchestra furnished music and Frank Bernier led the singing, popular selections having been distributed among the diners. The guests of honor included Governor Flynn, Mayor Gainer, Representatives Harold B. Andrews and Francis B. Condon, Dr. Mueller and Joseph H. Coen, Exalted Ruler of Providence Lodge of Elks.

Both Mr. Condon and Mr. Andrews told of the work of pushing the bill through the legislature, the latter having really been the father of the bill, and Governor Flynn told of his pleasure in signing it and expressed the hope that uniform legislation on small loans would soon become effective throughout the country.

Mayor Gainer told of how he had looked into the matter to a great extent and had come to the conclusion that the act was a good one. The Association was doing good work in coming to the assistance of necessitous borrowers as out of the one hundred million people in the country only about five million had recourse to banks. The Association being at the service of the remaining ninety-five million could do mighty fine work if it carried out the intent of the law.

Dr. Mueller told of the early history of banking, the first bank having been established in Venice about 1300 and even went back further than that by referring to Biblical times when loans were made and cared for. Coming down to the first United States bank in Philadelphia in 1780, he traced the work to the present day. He told of the advantage the loan associations had for the poorer classes and said that they were of more value to that class than the banks. He urged a close following of the precepts of the law, as in no other way can the business be successful and keep the respect of the public.

The business session was presided over by Mr. Rich in absence of the regular Chairman. Those present were F. H. Lovegrove, Mutual Finance Service Company, Providence; S. S. Moran, Mutual Finance Service Company; J. H. Wickstrom, Peoples Finance Service Company, Providence; F. N. Kennon, Peoples Finance Service Company, Pawtucket; H. G. Neal, Chester-Neal Company, Providence; A. L. Wick, Philadelphia; G. W. Delaney, Citizens Finance Service Company, Providence; H. Smith, Citizens Finance Service Company, Providence; F. A. Pomfret, National Loan Company, Pawtucket; G. E. Rich, Mutual Loan Association, Pawtucket, and J. S. Dwight, Providence.

On motion made by Mr. Wickstrom, seconded by Mr. Kennon, the cost of the banquet was approved of and ordered paid.

The treasurer's report was read and it was moved and seconded that it be accepted as read. The treasurer reported cash on hand $187.35.

On motion by Mr. Neal, seconded by Mr. Moran, it was decided to adopt a constitution and by-laws as outlined by the committee of three appointed to draft it.

On motion of Mr. Lovegrove, seconded by Mr. Pomfret, the dues per year will be $20.00 instead of $15.00. The dues are to be paid $10.00 semi-annually in advance.

An executive committee was elected by the members as follows: J. H. Wickstrom, Chairman; W. G. Wood, G. E. Rich, H. G. Neal, F. N. Kennon, F. A. Pomfret, H. T. Chase, S. S. Moran and G. F. Lewis.

During the past seven years, or since the Rhode Island Association was formed, there has never been appointed a regular executive committee and the members just appointed are all live wires whose interest in the association is such that there will be no question but that progress will be made in leaps and bounds in every department.

At a meeting of the executive committee the following officers for the ensuing year were elected; G. E. Rich, Chairman; W. G. Wood, Vice Chairman; J. H. Wickstrom, Secretary; H. Neal, Treasurer; G. F. Lewis, Chairman Legislative Committee; F. N. Kennon, Chairman Entertainment Committee; F. A. Pomfret, Chairman Membership Committee; S. S. Moran, Chairman Publicity Committee.

A list of the licensed lenders in Rhode Island will be sent to the Chairman of the Membership Committee by the secretary and from the reports we hear of Mr. Pomfret, the membership will take a decided rise in members during the next seven months.

Mr. Wick was appointed to attend to the printing of 500 letterheads and envelopes suitable for the needs of the association. Also 100 copies of Constitution and By-Laws.

On motion by Mr. Wick, properly seconded, a vote of thanks was given the Entertainment Committee for the splendid and efficient manner in which the banquet, the first of the Association, was managed.

A vote of thanks was given Mr. Watts, Dr. Mueller and Mr. Wick for contributing to the splendid success of the banquet.

A motion was made by Mr. Kennon that a vote of thanks be sent to the officials of the State of Rhode Island, who so willingly and keenly spoke of the advantages of such legislation as was recently enacted and which should become effective the country over.

J. H. Wickstrom, *Secretary.*

SAVE TEN PER CENT ON YOUR NEW YORK HOTEL BILLS.

The Knott Hotels, operating the following hotels in New York and vicinity, offer a discount of ten per cent from their regular rates to any of our members stopping at their hotels, upon presentation of a card signed by your National Secretary. If any member is interested in this proposition and desires a card, please communicate with the National Secretary:

The Judson, Washington Sq. South; The Holley, Washington Sq. West; The Earle, Washington Sq. North; The Berkeley, 20 Fifth Ave.; The Van Rensselaer, 11th St. at Fifth Ave.; The Albert, 42 E. 11th St.; The Irving, 26 Gramercy Park South; The Chelsea, 222 E. 23d St.; Hotel Le Marquis, 12 E. 31st St.; The Wellington, Seventh Ave. and 55th St.; Kew Gardens Inn, Kew Gardens, L. I.; Crocker House, New London, Conn.; The Wauregan, Norwich, Conn.

CONDUCTING A SMALL LOAN OFFICE FOR SERVICE.

By J. W. Batezel,

Manager, Household Finance Service Co., Philadelphia.

Service is a means of developing the good-will of a prospective customer and is necessary to retain the good will of an old one. To the applicant then, is our first opportunity to demonstrate the quality of our service.

The atmosphere of the office should be friendly, for a friendly and capable attitude will attract customers more quickly and effectively than any other asset we possess.

The applicant, upon entering the office and making known his desire for information concerning a loan, should immediately be invited to a seat in one of our deal rooms, where he will feel at ease and free to discuss his reasons for borrowing. The service rendered at this time is where the future customer gets his first and lasting impression of us, and has much to do with the making of a mutually satisfactory account. It is important that the rates and monthly payments be explained thoroughly, assuring the applicant that the account may be settled when convenient.

After securing the application, it is next passed on to the outside representative, whose important duty is to look it up and secure the list and other information in a courteous and efficient manner. The representative must be well trained in his work and have a thorough knowledge of the time and money spent in securing the application. Very often his salesmanship will be taxed in selling our service, and he must be able to so conduct himself as to warrant no hesitation on the applicant's part in calling for the money.

The manager is next to receive the application, and in passing judgment on it must keep before him the good, if any, the loan requested will do the applicant. It cannot be termed a service to make a loan to one who has no ability to apply the accommodation properly and who, in a very short time, will again be in the same fix with the loan added to his troubles. It is possible to force people into the undesirable class by laxness in extending credit, and permitting its abuse by granting unreasonable extensions and overloading them.

After the loan is made, however, we turn our thoughts of service to our customers and their future patronage and the possibility of their recommending their friends to us. Their friendship and respect is necessary in getting new business from this source and important in retaining it. A friendly nod and pleasant remark to those making payments at the office and efficient handling of all mail payments and promptness in returning the properly receipted payment book to the sender, does much to inspire confidence and good will.

Our service is also put to a severe test when an account becomes delinquent. Many times a delinquent payment is due to a misunderstanding and can easily be adjusted by a few well-directed remarks about the promptness with which customers settled prior accounts, or their ability to manage their affairs well, under proper conditions, etc. There are some, who when delinquent, ignore all letters and the quality of our service in such cases may be the means of saving the account. The outside representative again is an important factor, for he must have a certain knowledge of human nature and must be able to discover the real cause for the customer's inability to pay promptly.

We must keep in mind that the loan is made with a desire to render service, and the collection of the account should be handled in the same helpful spirit. Little is gained by the use of antagonistic and threatening methods in collecting slow accounts. To be hasty in recording a note or in resorting to legal methods of collection, shows a lack of confidence in our ability to render a service to our customer when it is most needed. This practice only adds to your customer's troubles and does much to take away the good-will and confidence you may have established by any prior service. When legal procedure is necessary, however, proper methods should then be employed to bring about the desired settlement, but only when commonsense and reasonable methods fail.

AN ADDRESS.

By A. B. Madison,

Chairman of Georgia Industrial Lenders' Association—Delivered Before the Associated Retail Credit Men of Atlanta, Georgia, on Thursday, April 24, 1924.

Mr. Chairman and Gentlemen of the Associated Retail Credit Men of Atlanta.

As Chairman of the Georgia Industrial Lenders' Association, I wish to thank you for the opportunity afforded us in presenting to you for your consideration the question of "What is the relation of industrial loan companies to credit managers in passing on credits?"

It might be well at the outset to tell you that we are not appearing before you in justification of our business—as that has already been justified in the minds of well-thinking men in some twenty-odd States of the Union, but to clarify the subject of "What Is An Industrial Loan Company and Its Value to the Community?"

You have all heard of the station agent's dilemma, when he quoted "Pigs is pigs"; and to a great many well intentioned but misinformed representative citizens, "Loan companies." Mr. Bennett, our State Superintendent of Banks—under whose supervision all legitimate loan companies operate, says that there are at least 250 loan agencies in Georgia, and that only some fifteen or sixteen have qualified. This means that there are over 200 illegitimate lenders in the fair State of Georgia. The companies who did qualify organized an Association known as "The Georgia Industrial Lenders' Association," which is affiliated with and an auxiliary to the American Industrial Lenders' Association of the United States of America, which represents capital of $150,000,000.00 invested in the making of industrial loans at legal rates of interest in these twenty-odd States. Companies who are members of this State Association of ours have pledged themselves to the upkeeping and dignifying of the loan business. They are licensed by the State, bonded to the State, inspected and examined regularly, the same as all State Banks are inspected and examined.

Reasons for Borrowing Money.

If you stand on a street corner and watch 100 men walk by, fourteen of them will have bankable credit, and eighty-six of them have no banking connection. These figures are from statistics gathered by our Government agencies. In the case of business depression, adversity, misfortune, or whatnot, these fourteen can step into their banks and get accommodations that will tide them over—carry them on, so to speak,—and relieve them of embarrassment, bankruptcy, or dire calamity. Are you going to say to the other eighty-six, "You do without—you suffer—you fail in business—you go to the bow-wows?" No,—not as long as there is $150,000,000.00 invested in the business in twenty-odd states of the Union! The Industrial Lenders step in and bridge this gap where the bank leaves off, and carries these people over the same as the banks carry the fourteen over. It is not the downtrodden, the derelict, the rascal who form the clientele of the Industrial Lender, but the average, ordinary citizen, with pride in his bosom, self-respect in his makeup, and manhood of the highest type as his goal.

Perhaps you would like to know for what reasons it is necessary that these people borrow? Well, the answer is simple, sensible and logical. In most cases it is to pay debts and to keep their credit good with you, and you, and you. A table made from fifty-two recent applications in my office shows that my customers borrowed money for the following reasons:

To pay doctor bills, ...	13
To pay furniture and piano balances,	6
To pay store accounts, ...	10
To pay life insurance, ...	2
To pay taxes, ...	1
To pay first payment on home, ...	4
To pay high-rate salary loans, ...	2
To put in business, ...	5
To buy automobile, ...	2
To pay rent, ...	4
To visit the sick, ...	1
To buy a lot, ...	1
To buy clothes, ...	1

Truly, gentlemen, after listening to these figures and carefully analyzing this statement, you will be able to answer the question, "Why the necessity for industrial loan companies?" One of the main things an up-to-date loan company finds out before granting a loan is the purpose for which the loan is desired. If it is a meritorious and necessitous, the loan is granted; and if not, the loan is declined. No loans are made by industrial lenders "simply to make a loan." All good loan managers advise with and counsel their clients in the best way to pay out.

Credit Risk.

And now we come to the topic, "Credit Risk." My main reason for appearing before you this evening is to throw some light on what constitutes a good credit risk from your standpoint of view, especially in the applicant's relation to his dealings with loan companies. I take a special interest in this duty, because it has come to my attention that some credit managers have declined credit simply because the applicant was reported to you by the Credit Service Exchange as "dealing with a loan company." I do not know that this is so; but if it is so, I honestly believe that after having scanned the table furnished you above, of the reasons for borrowing, you will have to admit that you are sizing up your applicant wrong. The thing that put the "risk" in "credit risk" is not the loan companies, but "over-loading"—which is nothing more than the indiscriminate granting of credit without due regard to the applicant's income and outgo. The main thing to look to is, how much a man owes, and not to whom he owes it. I would decline an applicant just as quickly who owed several department stores, out of all reason to his income, as I would one who owed several loan companies. In fact, I have made loans simply to pay a man out with several high-rate companies, and whose monthly payments to us for twelve months (at which time he would be paid out in full) were less than the interest payments, only to the high-rate companies, and at the end of twelve months they would still owe the original principal. People do not come to us to borrow money to put into banks or hide in their old stockings, but to put it into circulation in the community in which they live, and to pay off bills and to keep their credit standing good and be able to hold their heads up and look their creditors square in the face. It worries the laboring man, or the clerk, or the small merchant just as much if he cannot meet his obligations, as it does the big merchant, corporation or individual. "Necessity is the mother of invention" and necessity truly created the industrial loan companies. If you gentlemen could hear the expressions of true, genuine gratefulness and appreciation from thousands of our satisfied customers, you would marvel at the apparent amount of good the industrial lender does for his clients and the community at large. When a man has paid up his bills in full, if he has any complaint to make, that is the time he will (vent his spleen) and tell you about it. I don't suppose there is one out of every hundred who pays up an industrial lender who will express dissatisfaction with his dealings, and a great many are profuse in their expressions of gratitude.

You never hear of the good the loan company does, but you do hear of the harm the high-rate salary loans cause in some instances. There are merchants and merchants—some with a reputation and some without. There are loan companies and loan companies, but there is a vast difference between the Industrial Lender who aims to help people out, and the high-rate salary purchaser who figures on keeping a person "in." Therefore, Mr. Credit Manager, it behooves you—if you are going to pass on credit fairly and impartially to discriminate closely between a high-rate salary buyer and an industrial lender.

Our object in appearing before you is to try and devise some system whereby, in getting reports from the Credit Exchange, you will be told that the applicant is dealing with an industrial lender, instead of saying merely, "A loan company" reports "so and so" which has been misleading to a great many of you. We welcome suggestions and criticisms. We are willing to coöperate in every way with the Credit Service Exchange, but you cannot expect us to cheerfully furnish you with the names of good customers, if this will place a black mark against their credit rating.

Mrs. Russell Sage wisely foresaw the possibility and necessity for the industrial loan companies, when she created her $6,000,000.00 foundation fund; and one of the main things that the trustees of this foundation were to do was to bring about the passage in all States of the Union of what is generally known as "The Russell Sage Uniform Small Loan Law."

And in conclusion, to show you that the Retail Credit Association in other States is giving the Industrial Loan business more than a casual thought, I wish to read to you a communication printed in the April number of The Industrial Lenders News which communication is as follows:

"St. Louis, Missouri,
"March 19, 1924.

"Dear Mr. Kehr:

"I was very much interested in the copy of the Industrial Lenders News which you sent to me. The Industrial Banking for sometime has been quite a hobby of mine. In fact, I hope some day to get up a system whereby we can close out slow accounts, and operate it under the auspices of the Retail Credit Men's National Association.

"It has been my personal experience that where credit men use industrial banks, such as the Morris Plan, and other systems—they are greatly benefited; and I am sure that our membership as a whole understand the matter fully, because it has been discussed at our National Convention. I do feel, however, that they are not making the most of the situation, and I would be very glad to have any thought you have along these lines, so as to encourage industrial banking. Any time you have something we could publish in *The Credit World* we will be pleased to receive it.

"Yours very truly,
"D. J. Woodlock, *Sec. & Treas.*,
"Retail Credit Men's National Association."

INFORMATION SERVICE.

By H. F. Woods.

Philadelphia, May.—In a plea for the relief of the "industrial credit famine" which he said is prevalent over a large area of the country, Charles G. Mueller, National Chairman of the American Industrial Lenders Association, to-day made public figures bearing on the small loan business. This "credit famine," Mr. Mueller said, is of vital concern not only to the great mass of the population who are the direct sufferers, but also to the producing and merchandising interests whose consuming public are impaired in their buying power by lack of an adequate financing system.

Citing statistics to show that no more than eight per cent of our population have checking accounts at banks, and that approximately less than five per cent of those with checking accounts have collateral enabling them to borrow at banks, Mr. Mueller said that the only recourse open to this large percentage in their credit needs is to industrial lenders, of whom there are two classes, the outlaw lender whose interest rates are exorbitant, and the licensed broker who lends on non-fluid security or no security at all at interest rates fixed by law.

Because the number of licensed lenders is necessarily limited to those states where lending is regulated, he stated, the only possible relief for the "credit famine" lies in an extension of adequate legislation for the regulation of industrial lending, as the capital of reputable men will be attracted to those communities where the business is not regulated.

The importance of an adequate fiscal system for supplying this credit, said the statement, could be better appreciated by an understanding of the small loan business, its special province, and the clientele it serves. A small loan, in the meaning of the law, is one not in excess of $300 to any one borrower, the legal interest rate for which is higher than the interest rate on a bank loan. The function of the small loan broker is to finance those who do not possess the collateral which will enable them to borrow from banks, and this financing is done from the capital of the lender, not from the funds of depositors as in the case of banks. The small loan clientele is made up of wage earners, small salaried workers and persons of limited incomes.

Money lending is regulated by law in twenty-two states, in which lenders are licensed and the maximum interest rates which they may charge for loans are fixed. These states are: Arizona, California, Colorado, Connecticut, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, Nebraska, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Utah and Virginia. The combined populations of these states in 1923 was estimated at about 62,000,000, being a little more than half the estimated population of 112,000,000 of the entire country.

In these twenty-two states the credit needs of the small loan clientele are served by some 600 licensed lenders, whose combined capital approximates $100,000,000. and whose annual loans approximated $150,000,000, the average loan being about $75. The number of potential borrowers may be estimated at 20,000,000, of whom there are probably about 4,000,000 actual borrowers.

This estimate is based on an adult population in these states of about 41,000,000, of whom about thirty-seven per cent are receiving annual incomes, about eighty-six per cent of whom are receiving incomes not to exceed $2 000 annually. Of course the capital invested in the small loan business even in states where lending is regulated is inadequate to serve the needs of the whole number of potential borrowers. and as the total annual loans in regulated territory approximates $150,000 000 in average amounts of $75, it will be seen that the average number of borrowers served totals 2,000,000. Allowing for loans under the average, the total number of borrowers may be estimated at 4,000,000.

Mr. Mueller used the report of a typical month's business of a large lending concern to indicate the class of persons constituting the body of necessitous borrowers and the principal causes of their necessities. From this it was shown that of 2,444 borrowers the classification was: Civil servants (Federal, state and city). 867; commercial (clerks, secretaries and stenographers, bookkeepers and accountants, salesmen, agents, managers, proprietors and partners), 912; wage earners (printing trades. factory workers. tailors, machinists, inspectors, foremen artisans, telegraph operators, and conductors), 380; professions (teachers, doctors and dentists and writers), 48; miscellaneous, 237.

While the impelling causes for seeking small loans are legion. Mr. Mueller's statement points out that the principal causes may be grouped under these five heads: sickness, deaths, to buy a home or to meet interest or principal on mortgages, to advance the situation of borrower's family, and for use in business.

WHO IS AN INDUSTRIAL LENDER?

In Georgia there are twelve business organizations that lend money. For three years they have been banded together with the ambition and desire to uplift and dignify the loan business. This organization is known as the Georgia Industrial Lenders Association.

That you may know this is number two of a series of messages that will establish the loan business in the minds of the people as a necessary cog in modern business.

A pledge of service to the people of Georgia. Each member of this Association pledges himself to use every honorable means to induce all persons or companies engaged in the lending of money on chattels, endorsement or salaries as security in Georgia to observe the rate, terms and methods as fixed by State statutes, and to protect all deserving people against the payment of interest higher than that provided for by the law.

Remember the present day loan company is a business organization, rendering an indispensable service and getting a fair return for its efforts. The Georgia industrial lender is nothing more or less than a banker who makes small loans as a business proposition.

A mark of distinction: A friendly help to honest folk.

Georgia Industrial Lenders Association. Under supervision of the State Banking Department.

You may safely negotiate with the following companies: American Loan Co., 406 Peters Bldg.; City Investment Co., 517 Atlanta Trust Bldg.; Seaboard Security Co., 214 Peachtree Arcade; Beneficial Loan Society, 421 Palmer Bldg.; Fulton Loan & Discount Co., 1113 Atlanta Nat. Bank Bldg.; Security Investment Co., 10½ Auburn Ave.; United Small Loan Corp., 80 Peachtree Arcade; The Master Loan Service, Inc., 212 Healey Bldg.; Southern Security Co., 215 Atlanta Nat. Bank; Citizens' Loan Co., 301 Peters Bldg.

The above, set three columns wide and six inches long, in display type, appeared in the *Atlanta Constitution,* April 3, 1924. This is the second of the series now being run by the Georgia Association.

COMMUNICATIONS.

March 26, 1924.

We came upon a situation in this county that perhaps will be of interest to many of our Association members.

The Credit Rating Bureau which is affiliated with the State and National organizations, started taking a list of all people having a chattel mortgage of record and sending this to all subscribers. The idea being to restrict and deny credit to such people. We immediately took the matter up with the Credit Rating Bureau and some of its prominent members and stopped the circulation of this list as well as showing them definitely why a man should not be denied credit for the reasons that he had a chattel. We went into detail, showing them when a man passed an examination such as entitled him to credit with a chattel company that a thorough investigation had been made, and further we were assured of his ability to pay, using the line of talk with which you would of course be familiar.

You can readily realize such a stand on the part of merchants of any community, especially in the smaller towns of the state, would practically amount to a boycott on our business. I know that locally this is not prompted on the part of any one desiring to cause us any trouble, as we have eliminated it here, but believe it would be something worthy of attention on the part of our Association, both State and National, as its effects could be very widespread.

Thompson Loan Co.
Shelbyville, Indiana.

ON THE DEVELOPMENT OF THE TERMS "BANKER" AND "BANK."

The term "banker" originally meant a money-changer; then it came to mean one who dealt in bills of exchange, giving drafts and making remittances. Not until 1670 do we find any indication of the word banker in the sense of a proprietor of a corporation organized to do banking. In the first Anglo-Spanish dictionary (Percival's), published in 1591, the Spanish word "Banquero" is rendered "a banker, an exchanger of money." In 1624—just three hundred years ago—the English dramatist, Heywood, in one of his plays speaks of "one Phillipus, a bancker," or one that dealt in the exchange of money. In Beaumont and Fletcher's play, "Pilgrimage," written in 1618, occurs the phrase: "Rogues and beggars have got the trick now to become banckmasters." In 1622 we find in an English law book, Malynes' "Ancient Law Merchant," the following definition of a bank: "A banke is properly a collection of all the readie money of some kingdome, into the hands of some persons licensed thereunto by publicke authoritie."

An act passed in 1670 uses the following language: "Whereas, several persons, goldsmiths and others, by taking or borrowing great sums of money, and lending out the same again, for extraordinary hire and profit, have gained and acquired to themselves the reputation and name of bankers." Dean Swift, writing on the state of Ireland in 1727, refers to "the daily increase of bankers, who may be a necessary evil in a trading country, but so ruinous in ours."

INDIANA.

An account of the big annual meeting of the Indiana Association held in Indianapolis, May 21st and 22d, will be published in July issue.

WANTED: LOAN MANAGERS.

Middle aged man (married man preferred) with Chattel or Salary Loan experience, capable of managing a Chattel or Salary Loan office, with company operating a chain of offices. Address confidentially, giving full details, experience, etc., L. A. Wagner, 306 Caswell Block, Milwaukee, Wisconsin.

Make preparations
NOW
for the big National Convention
BALTIMORF, MD.,
SEPTEMBER, 24, 25, 26, 27

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. IX, No. 1. JULY, 1924. Price $1.00 a year.

TENTH ANNUAL CONVENTION

We, of Maryland, are deeply grateful in having the honor of serving our fellow lenders at Convention time.

Our Tenth Annual Convention is being held in the ideal Convention City of our country and a garden spot of the world.

Wednesday, September 24th, you will arrive in Baltimore and be piloted to the beautiful Southern Hotel, where you will be amazed at the beatuy of your surroundings, and where you will register amid friends and the comforts of home.

A call to order by our National Chairman. Soon will come luncheon as the guests of the Maryland Industrial Lenders Association, and an address by A. S. Goldsborough, the genial Secretary of the Baltimore Association of Commerce, who knows business and does things in a business way. Luncheon served, we will return to the saddest part of our Convention, WORK, and will carry on with it until the end of the day which will bring rest or amusement as you prefer.

Thursday brings work again with entertainment and sight seeing for the ladies. No Convention would be worth while if ladies were not in attendance. We are reminded of the colored boy, who, during the World War, wishing to do his bit, decided to join the army. Finding his way to a recruiting station he asked to see the boss, and upon being told that there were no bosses in the army, but that a Lieutenant was in charge he asked if he could see HER, and being advised there were no HERS in the army he said; "This nigger would not join anything where there were no women."

The evening brings our Annual Banquet and dance with the real get-to-gether and enjoyable time of any convention where you will listen to such a notable speaker as our Governor, who at this very moment is fighting the fight of ballots for the highest honor that our country can bestow. We with our whole hearts know that all the world would be benefited with Honorable Albert C. Ritchie. A better President could no state produce.

Friday, a day of work and recreation. We will go sailing down the Chesapeake Bay in Convention on one of the palatial steamers of the Old Bay Line, known far and wide for their southern hospitality and comfort. We will sail on down the Balitmore harbor past beautiful Federal Hill, Fort Howard, and many Industrial plants of our City, out to the Old Chesapeake Bay, past the Bethlehem Steel works and on to historic old Annapolis, where we will linger awhile and visit the Naval Academy where our brave Admirals receive their training. Yes, our fighting men must be trained just as a good Industrial Lender spends many years in training.

With all this our convention will be in session, with luncheon and dinner served us aboard ship, for we will not return until after the sun has long gone to bed and we hope you will have enjoyed a perfect day.

Saturday brings parting of old and new made friends until another year, and we will know that a truer friendship has been cemented in the good of our common cause.

H. T. MATTINGLY,
Chairman Maryland Industrial Lenders Association.

INDIANA

The Ninth Annual Convention of the Indiana Industrial Lenders Association was held at the Lincoln Hotel, Indianapolis, Indiana, May 21 and 22, 1924. Luncheon was served to eighty-seven members and guests.

The first meeting was called to order by the President of the Association, Fred Davies, of Kokomo, Indiana, Wednesday afternoon, May 21, at 2:00 P. M.

Address of welcome was made by Henry L. Dithmer, President of the Indianapolis Chamber of Commerce, as follows:

MR. DITHMER: Mr. President and Gentlemen:

We are always glad to have gentlemen like you visit Indianapolis. After all, it is a very appropriate thing that Indiana men should visit Indianapolis. It is your town, just as much as it is ours; it just seems to be a little more ours because we live here. But after all, your offices are Indiana offices and we like to feel that every town in Indiana has an interest in Indianapolis.

These conventions are a big help to the industry. I take it that, in a way, your business is a new industry. I think we can all remember the time when money was not the main medium of exchange. They did not need as much money in the times when a Company was first opened as they do now; in fact, forty or fifty years ago, you will remember that the farmers took the hides and the trappers their pelts and they were a medium of exchange. You cannot do that way now. Money is the medium of exchange or its equivalent in checks. There are a great many people who cannot readily get that medium of exchange. The business man has access to the bank and all large industries transact business through the bank but, after all, the large majority of people are not able to get credit at the bank and have to use some sort of means, different from the business man to get their credit. So this business is essential. I presume, when you first started, there were a lot of abuses that crept into it and those who intended to make a business out of it found a need of getting together and having meetings and setting out certain rules of business. Of course, we are all ruled in business by the law but the man who gives thought to his business and his best ideas, is really an important man in his particular line of business.

I have no doubt at all that you have men in your line who say that they have no need of going into conventions; but I have always noticed that some way or other that fellow is not a help to the business, but rather a detriment. I presume that you men have the same sort of trouble but it seems to me that the convention man is the man who does the real work, who builds up the business. The difference in your line of business, as I see it now, and what it was some years ago, is tremendous. I know there used to be a great deal of criticism in regard to it.

Years ago, when the business was first started, I have no doubt there were a lot of abuses, as in every business, but it is you men, in conventions, who clear those things up and make your business worth while.

A convention is considered a little differently to-day than it was before the War. Before the War, conventions were just tolerated; but when the War came on, the Government recognized the fact that men should get together and the businesses and trade organizations that were of the most value to the Government during the War were the ones which had been organized and were able to give information and the Government insisted that those businesses which were not organized, should be. So the War, in one respect, has been a help to business men as it has shown people the need of organizing in their several lines.

I did not come up to talk about conventions. I came to welcome you to Indianapolis. I trust that this is an annual affair and that you will never consider any city except Indianapolis, in which to meet; but if you do meet elsewhere, be sure it is some place in Indiana.

The Chamber of Commerce feels honored in having you with us to-day—that you have chosen this as your meeting place.

A telegram from Baltimore was then read by the Secretary.

"R. F. Hartz, Hotel Lincoln, Indianapolis:

"The opportunity to learn and know more about our business, the opportunity to help in its future welfare, the opportunity for real service to borrower, to employee and to employer, all three of which are vitally interested and you cannot serve either of them efficiently by being absent, the opportunity to meet new friends and old friends to talk over old

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

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Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—E. I. McCuen, 417 Rogers Bldg., Jackson.
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

times and times to come—please don't say, 'I'll wait until next year,' because next year is like tomorrow, it never comes. The 1924 Lenders Convention offers all this and much more too numerous to mention. It offers its services from many states in our union and it calls upon you to help. Won't you come to Baltimore for the Tenth Annual Convention of The American Lenders Association, September 24, 25, 26 and 27.

"Sincerely yours,
"HOWARD T. MATTINGLY, *Chairman,*
"Publicity Committee."

Nominating and Auditing Committees were then named by the President.

Nominating—H. H. Burrell, Chm., John McGregor, F. G. Case, O. S. Beck, Benj. Blumberg.

Auditing—W. G. Chandler, Chr., H. E. Arnett, Ray Reynolds.

The Chairman announced the first question — "Handling foreign accounts, customary charges, what charge made for handling accounts charged off books," would be taken up at this time.

MR. HARTZ: This question was put on the program due to a misunderstanding of some members in other states, and of some members in this state, sending accounts over into other states and not being affiliated with both state and national organizations. There should be some standard form of handling foreign accounts. As I understand it, there is no charge made by any company where the companies are members of both state and national associations. If you belong to the Indiana Association, you are only entitled to collections in Indiana; but if you belong to the National Association, you can obtain service without cost through any members of the National Association.

MR. HARBISON: This subject came up several weeks ago in the case of a company which has several branch offices. My information is that only one or two of these offices are members of your State Association and the company has only one membership in the National Association. He formerly had membership in both the State and National body and then added these new memberships. He sent an account to one of our Chicago offices for collection and when remittance was made, the Manager charged him a commission and he objected to it as he thought he was entitled to service free. We found that he was a member of both the State and National Associations and were glad to render that service free; but we also thought it wrong to give a man service free simply because he had one membership and several offices, or to give a member in this state service, if he did not have a National Association membership.

It happened, in this particular case that the dues paid by this member would be a sum of several dollars and this collection was a substantial amount, so the fee he would ordinarily pay for a collection would be much more than his dues to the Association and it seemed to us a good time to bring this question up for discussion and to definitely decide on how matters of that kind should be handled; because, if we are going to work together, we ought to make those who get the benefit help pay the cost of carrying on this Association work.

It is my opinion, before a member is entitled to service out of his state, he should be a member in good standing. I think every member should have a membership in the Association for every office he operates. I understand here you must have a license for every County in which you do business, whereas, in other states you can do business quite a distance from your office without additional license. I think every office should have a membership, even though the total amount paid for that membership is not more than in some states where he has one license and operates all over the state.

MR. HARBISON: Every office we have holds a State membership and also a membership in the National Association. Each separate office has a separate membership; in other words, we believe that if a place is big enough to run as a separate place of business, it should pay dues and not take free rides.

MR. STRATTON: In order to bring this thing to a definite conclusion, I think the statements made cover the subject and that we should accept the collections for our Association members, without fees, and leave it up to the individual companies whether they accept collections for non-members or not.

It was moved by Mr. Stratton that it be the policy of this State Association that we accept collections for our Association members without fees and leave it up to the individual companies whether they accept collections for non-members or not.

Motion seconded and carried.

Doctor Harry G. Hill was then introduced to the meeting by Mr. Hartz. He selected as his subject: "Commercial Importance of Applied Psychology."

DR. HILL: Mr. President, and Members of the Association:

I am not very well acquainted with your work, although I suspect that the next loan I secure will be with some of you; and perhaps very few of you are very well acquainted with my work. I am assuming, at least, that most of you know very little about Psychology.

Perhaps what you know about that subject dates back to the time when you were in school or college or a university —when it was the driest subject you had. That is what we call the "Academic Phase of Psychology." In the last twenty-five years, however, it has entered a new phase of applied science.

In a broad sense, we might say that Psychology is the Science of Mind. The greatest impetus was given to Psychology during the War. We were willing to grasp at anything that would make us more efficient and so every Psychologist, that could be secured, we put in the Personnel Service. That was the first time that any real commercial recognition had been given to the Science of Mind and I feel yet that we who are in the business of Applied Psychology are rather lonesome. I am one of the very few who are practicing this as a profession in my state—not only for myself but at large. In many cases, we are beginning to look at Psychology as one of the most practical things we can enter into our work. When I started out, more than twenty-five years ago, I found it took a lot of courage on my part because so many of my friends misunderstood me. Some asked me: "Is there anything to do along the line of Psychology?" "Can you make a living out of it?"

Just a few weeks after I opened up my office, a lady across the hall came in to see if I could tell her sister's fortune. Another time, a woman called up and said: "Can you tell me where to find my diamond ring that I lost?" and I replied, "Yes, if you tell me where you lost it."

The other day I was waiting for a street car at Pennsylvania and Washington Streets and an unusually fat man with a plaid suit kept edging up to me and finally said: "Live here?" "Yes", I replied. "I don't," was the response and I don't know which was the proudest. I made no further remarks and he finally said, "What is your business?" I told him that I was a Consulting Psychologist and the answer was: "I guess that's a nice business for them that like it." He made no further comments but I could see him watching me until his car came.

I have found that there are a great many people who have the wrong notions about this line and so I am glad to get before a crowd of men, some of whom know very little about Psychology, and tell them a little about it. I am getting an opportunity to tell about this in quite a few different places.

There are many phases of Applied Psychology. At least 80% of the diseases that exist originate in the mind. I am in very good standing with the Physicians of this city and state and am often called in consultation with them. I have had my work in medicine—and so I am not peculiar at all, but all of this goes back to the fact that surgery and medicine or any other method depends upon this fundamentally—that unless Nature has her recuperative power, there is no healing of disease. And so, when the good old-fashioned country Doctor came, the patient was feeling better by the time he got here. He would say: "I did feel pretty bad Doc, but I feel better now." The Doctor would give his patient Peppermint water and bread pills and, in doing that, he was playing upon a part of Psychology, which was thoroughly scientific and thoroughly legitimate.

The Chiropractor and Osteopath or those who give you medicine to-day depend upon the fact that there is something innate in the cells of our tissues, which, given proper opportunity, will restore us to health.

In the Mind there are two great Departments. A large part of our Mind is unconscious. Every time you sit down to a banquet, you say to the stomach: "Digest this." You eat three square meals a day, 365 days per year—never two exactly the same in quantity or quality. There is a mind in the liver that tells it to go ahead and do the work in the right way and, unless you happen to be one of those mean thinking kind of fellows, who has a bad temper, and then indigestion, you are all right.

The way we think is the way we become. All of the functions of the body are carried on in the same way that the liver carries on this work. You cannot control the heart. Your breathing goes on automatically. There is mentality in every cell and fibre of the body.

The Brain is the organ that the Mind uses. The Brain is the entire nervous system. There is not a cell in our bodies that does not have Mind in it. So, using that, we are able, in modern science, to give the Mind mental medicine and find that the Mind acts in a wonderful way.

We may apply Psychology in many other ways. You may be more interested in the practical use of it at this convention. We have Psychology of salesmanship, advertising, etc., but I know that you men, being closely allied with the business life of your community, want to know how this Science which may seem to you to be a rather abstract Science, can be applied to your business.

I want to give an instance or two to show how it can be applied. As a Consulting Psychologist, I am not only employed by those who come to me for a solution of their personal problems, but am employed by Organizations, Corporations, Manufacturing and Commercial concerns that feel that the human element is the largest factor in all of our commercial life.

It is said of the man who was told by Roosevelt to dig the Panama Canal that he replied: "If we can solve the Human Elements, the Canal will dig itself."

We have not been thinking enough of the personal or human element, which really is the largest factor, after all. We have been accustomed, of course, to look outside, before looking within. Countless thousands have been paid to find the North and South Poles. Not long ago, several million dollars were spent in digging a well, twelve miles deep, to find the temperature that distance down. We have telescopes to see what our heavenly neighbors may be. We have been looking on the outside all the time—and it has been left for the last day in science for us to look within—to turn the telescope, the investigating agency, upon the man himself, to determine his powers, and have found that the innate powers of man are the most tremendous of all.

The mystery of the "I am," which the poet said "never dies" is the most miraculous field in the world and, in investigating it, we find the value of "X" to solve all of our problems.

In industry, we have been interested in machinery, but the most important field is that of the men working in it. We thought labor was cheap because man did not count; but within the last ten or fifteen years, we have found that the real profit lies in the individuals, in humanity, which is the great factor in that business.

It is estimated that nine million men in America change their vocations each year. It has also been estimated that it costs $100 every time a man changes his job. I think that is a very conservative estimate myself. There is a great loss of time when a man is adjusting himself to a new position. If there are that many changing around and it costs that much, we are spending about one Billion Dollars annually in this country of ours, in allowing men to float from one job to another, and as long as they keep increasing taxes, it behooves us to watch the mere matter of One Billion Dollars.

Not long ago, we made an investigation of "Who's Who in America?" That contained 25,000 men and women who are supposed to stand at the top of our Society. Sixteen per cent of them have changed their jobs in life from one to five times. If the most successful people have done that, what must be the tremendous loss of those who keep floating around? Vocational guidance is the place where we can help solve that problem better than any other place, in any other field. Of course, we could not entirely eliminate that, nor keep him there after we found him, but very largely we could correct that situation.

I was called into consultation not long ago with a four million dollar concern in this state, employing many men and women, and out of every one hundred people that they have employed one year ago, 84% were not with them at the present time. In investigating that, in order to save their potential loss, I found that they had in that shop six or seven kinds of work, requiring different degrees of talents, and instead of having them say: "We need so many more" and taking those that looked good to those at the employment window, we made an analysis of the jobs to find out what particular kinds of talents were needed.

For instance, at Lillys, we take girls with musician's hands to handle capsules.

In another foundry, where they handle cartridges to go into machine guns, sight, sense of balance and rythm entered into the work and we choose people for that work according to their particular talents in handling that particular kind of work.

I use those as illustrations. In this large concern, with which I was engaged, we made an analysis of these various types. Then the Employment Department prepared a Chart, by which they were able to examine those who came for employment, and put them into the department for which they seemed most suited. By doing that, we were able to cut down the number of those who changed their jobs and were able to give them two chances. The longer they kept each employee, the better for the firm and the better for the employee.

One of the most pathetic things, outside of a sick man, is a man who has not found himself in the right place.

Any firm should be most careful whom they place at the window where people apply for jobs, as, in many ways, this is a place of greatest responsibility, next to that of the manager himself.

I find a great many men coming to consult me because they want an analysis of some kind. I imagine that one of the phases of your work is to take a moral risk—to make loans on which Character is the best collateral that the borrower can possibly furnish. Barring death and disease, I take it that character is the best collateral that anybody can furnish. If a man loses his job, I think it comes close to your business, for a man out of a job is a man who has poor collateral to furnish you. I imagine that many losses could be attributed to that one thing. That phase is a most pathetic one to me because I find so many who come to me, from nineteen to fifty-nine, who have not found themselves—and rarely know what they want to do. Some of them are college graduates.

I had one young man the other day who knew exactly what he wanted to do. He had undergone five major surgical operations, had one glass eye, and stammered. He knew what he wanted to do but didn't know how to get to it. He said: "I have been cut up and cut open so many times that I think the only way I can get back at them is to be a surgeon myself." His health had been so poor that he was not through college. I went to the principal of the high school, found out what his credits were, secured a tutor for him, in order to make up his credits, and made plans for him to enter medical college. He said: "If I can't do this, I don't want to do anything else in the world." Surely, if a man wants to do a legitimate thing, he should be encouraged. If any of you have boys searching around for something to do, encourage them. Nine times out of ten, the man who feels that he wants to do a certain thing, will do that thing and do it well.

An old man in poor health came to me not long ago. He had succeeded fairly well in business, as far as money was concerned, but he was very unhappy. He used musical terms frequently in the course of his conversation. I learned that, when he was a boy, he wanted to be a musician and his father kept him from it. I encouraged him to take things leisurely and to take some music lessons. Inside of a few months, he was a skilled organist, making up the time that he had lost through his youth and manhood. He was happy and his health was restored.

A man thirty-eight years of age came to me who was unsuccessful. He had salesmanship ability but I found also that he could not sell tangible things; he could only sell things that were intangible—some kind of propaganda or some big idea. Sol Schloss, who was elected National President of the Retail Clothiers took him to New York and made him secretary and he is absolutely happy and making good. If a man has talents, who can use them for several different things, the proper placing of them is worth while.

A young man twenty years of age had run away from home when a boy because he liked to travel. When I met him he was selling neckties. He said he had been at sword points with his folks but he wanted to get along. I said: "We will find you something where you can travel, drive a car and sell things." That was what he wanted. Not long after that I ran across a fellow who wanted a man to drive a car and the boy is learning to sell and he is making good. It was a great pleasure to be able to place that boy in the right position.

I have taken up my time, Mr. Chairman, and perhaps have not covered the subject as I should. I have just tried to give you a little glimpse of the work that could be done along this line, for individuals and concerns. When you read your trade journals, you will realize that, more and more, from this day on, applied psychology is needed in the vital business of our life and, as the greatest commercial asset lies in man. Psychology, as I see it, is of tremendous importance to the commercial life, of our country and the countries of the world.

There is an international phase of it but I know how pressed you are for time and also realize that any man who is a specialist in a subject is apt to think that everyone else is as interested in his subject as he himself is. However, I hope you will give it consideration as you meet with it in various other ways in the future.

Mr. William F. Bolles, Credit Manager, Holcomb and Hoke Manufacturing Company, the next speaker, addressed the meeting on the subject: "Business and Collection Correspondence."

Climb into the Envelope and Get Out Among Them

Mr. Chairman and Gentlemen:

We might start this consideration of the business letter with the seventeenth and eighteenth centuries. Suffice it to say that we are not going back that far. We don't really have to. It is only necessary to go back to what the old time Southern darkies were pleased to call "de Cibilized War." The unrest and excitement of the times caused an enormous increase in business enterprise. Business in this country developed rapidly. The inventive genius of the American people expressed itself in the development of railroads, postal and telegraph facilities. These necessary aids to the development of commerce rapidly increased in the service rendered. This made it possible to sell goods over territories never considered before by any one firm.

Before this time Mr. Merchant had made periodical trips to the market and had purchased a bill of goods sufficient to last for six months or a year. He had been met at the front door by the owner of the business; he had been royally entertained and he had gone away feeling very kindly towards his host and creditor. This was before the development of the facilities for doing business over this increased and never-before-thought-of territory. Because of the greater distance it was practically impossible for Mr. Merchant to make the trip. Long term credits were the fashion and the style. They were extended and there were plenty of them. Prices were necessarily high and competition was not sharp. If Mr. Merchant did not pay his obligation fully and promptly when it became due, there was little chance of collecting through compulsion or any other means. There was no Credit Men's Association, no Commercial Law League of America and no business men's associations of any kind. One could not depend on the attorneys. They were hard to get of any kind, because there were no lists of bonded attorneys. In those days, a collection letter was a scarce article, like a successful Republican politician in the state of Texas. Letters were usually written by attorneys, who were so steeped in legal phraseology that they could not write like just plain human beings. Their conduct, therefore, read like a contract.

But it is entirely different nowadays. Business has become complicated. Competition has become keen. Together with this transportation and communication facilities have increased almost daily. We now have the airplane post, which, if twenty-five years ago some one had suggested as a development of a mere quarter-century, would have been considered as foolish as ridiculous. With the development of these facilities, business has kept pace until now the average merchant feels just as much at home in purchasing a bill of goods, sight unseen, through the medium of the United States mail as he did fifty years ago by personal call. The development of business and the increase in competition has meant the development of service to the customers of the business house. As a consequence, letter writing has become an art. At a cost of a few paltry dollars, one can send out carefully worded sales letters and do the work in a few weeks that an army of salesmen could not do in a year. Take away our postal, our telegraph and our telephone service and where would we be?

Large business houses have departments and volumes devoted to this alone. Schools, of both correspondence and residence have courses devoted strictly to the business letter and he who can express his thoughts in a convincing, logical manner is to-day in great demand. The carefully built up, bequeathed, letter jargon, the legal phraseology is a thing of the past. Macauley, the great English historian, in speaking of the two great civilizing agents of the world, said that they were transportation and the printed word. In fact, gentlemen, the business letter has come into its own.

This new condition, however, is of comparatively recent origin. It wasn't so very long ago that the bulk of business correspondence was a telegraph brevity and loaded with stock phrases, and we are still a long ways from being 99-44-100 per cent pure. Sometimes these phrases meant what the writer wanted to express and sometimes they didn't. Wasn't that the way to write a good business letter? What difference did it make anyway? The stock phrases and the letter jargon was in most cases meaningless. It was easy to learn and easier to write letters by using them. It made no difference whether the letter had the appearance of a large cake of ice and breathed a frosty atmosphere, these phrases had to be used, because that was the way to write a good business letter. They were all like that. The correspondent was not an attorney, but borrowed a good portion of his phrases from our legal brethren and he did little besides fill space. You may rise up in righteous indignation and tell me that these phrases were grammatically correct. Certainly they were, but what else were they. Show me one of them that had a trace of personality or extended the right hand of good fellowship. Thank goodness, somebody became utterly disgusted with the conditions, whoever he was.

Right here I am reminded of the fellow who wrote the three or four page letter and then signed his name. To all of this he added a postscript. The postscript was worth more than the whole four pages. It said more in 14 words than the whole four pages. It read like this:

"Please pardon this long letter, I didn't have time to write a short one."

That is certainly true in a great many cases.

Why do all of us make such hard work out of letter writing? Don't we think? Letter writing is merely an expression of coherent thought. You should have no trouble to sit down and express your thoughts. Is it because a good business letter has been considered as one written crammed, jammed full of stock phrases and letter jargon? Is a good letter writer the man who knows all of these stock phrases and letter jargon and can get more of them into his letters than any other letter writer extant? To answer these questions, frankly he is not according to present day standards. He may get by, but he is not living up to the opportunity before him in the use of a clear, straightforward language, without waste of words and in a manner fitted to the subject whereby he can tell the community about the goods and services that he has to offer.

I don't see why any of us should have a hard time to produce a letter breathing consideration and good fellowship for the other fellow. To me there is a fascination in putting my thought on paper, to use my imagination in writing letters that will be read, that will go out through the mail, and will cause a mental reaction and a physical action on the part of the recipient not at all contemplated by him.

In fact, the recipient may have written in to say that he would most emphatically not do that very thing. Really, I can show real enthusiasm upon receiving a good sized check as a result of having written a letter to some customer. Particularly, can I do this after everything and everybody else has failed. Taking my own case as an example, I have a hard time to understand the writer of letters, who does not get pleasure out of his work, and take real enjoyment in solving the everyday problems that are placed before him.

If I should stand up here to-day and accuse any of you or all of you of not being human, I would probably be thrown out, but, do these letters filled with these stock phrases, legal phraseology and letter jargon appear to you as human documents? You are human, you are also each and everyone of you salesmen. You sell your services and you grant credit. A salesman has a personality and he uses it to the best possible advantage. Therefore, if you have a personality, which you undoubtedly have, although it may be expressed in many different ways, why don't you use it? And is there any better place for you to use it than in the letters that you write?

It seems to me that there are just about as many different personalities in this world as there are faces. If you haven't one, cultivate one. Don't cultivate somebody elses. Work on your own. Each and everyone of you can get the human touch, the silent handclasp, the accent of reality, the thing that puts an actor across on the stage, into your letters. Be yourself, don't try to be somebody else. You don't kid the customer to whom you write one bit. You sit down at your desk to dictate a letter and call your stenographer, "Take a letter to John Jones." Then you stew around, scratch your head, bite your finger nails and think and worry, trying to write a masterpiece, filled with those condemned and stultified stock phrases, and the masterpiece that you should write is there in yourself all the time. Just be natural. Let your imagination roam for a few minutes. You know your business, you are familiar with your house and your goods. You know your customers, so just imagine that Mr. Jones is sitting across the desk from you. Shut your eyes if that will make it easier to visualize Mr. Jones. Talk to him just about the same as you would if you were conversing with him over the telephone. Forget your stenographer is there, if that is possible, and you will probably be surprised to see what a fine up-standing letter you have written.

That letter was yourself. It had all the gilt, the veneer off. It was probably written in plain, everyday language. It wasn't filled with a lot of borrowed legal phrases, nor words derived from the Latin, instead of the Anglo-Saxon. The best possible language that you could use would be words of one syllable. What we want to get away from is the old-fashioned, time-worn and archic "We have received your esteemed favor of the 28 ult. and contents have been noted. In reply beg to advise, etc. ad infinitum." Why should we write letters to-day the way our great grandfathers and their great grandfathers before them did? Why not give them a new dress? Your wife isn't satisfied to wear the fashions of 1812 or 1865, and why should our letters? Furthermore, you have written three lines of the letter, when space and time are valuable to three people—not one—three—yourself, your customer, and your stenographer, and you haven't said a thing, with the possible exception of giving your customer the date of his letter. You may say, that it don't take much time to either read or to write, but the completed cost of the average business letter of 100 words when dictated to a stenographer is 24.9c, when dictated to a talking machine is 19c each. That result is obtained from times studies in an office with a thoroughly established corresponding system, employing 25 transcribers. With a smaller output, the cost is increased. It costs the average bank about $1 to produce each dictated letter. You can easily see the cost of those useless words to any business.

In order to visualize Mr. Jones and make your letter with your personality hit home, you must of necessity know something about him. Remember he has a personality the same as you have. He has personal characteristics which you should know. Ascertain the nature of his past relations with your company. Find out his local business conditions and, in fact, get all the information available about Mr. Jones, because the better you know him, the more like a human being you will find him to be and less like an account. There is absolutey no question about it, if you haven't been summoning Mr. Jones' image up before your eyes, if you haven't dictated your letters to his actual bodily image, seated in the chair, at the corner of your desk, your letters have had the sameness, the hackneyed, and the unreal about them that have absolutely buried your personality and cut down your results.

Now then, there are two sides to all questions, and your customer has a side, don't you forget it. So step out of your personality and get the other fellow's point of view. It's a cinch he isn't particularly interested in you, so don't tell him all about yourself. He isn't interested in your company and he don't care whose name is signed to the letter, but he is interested in himself or herself, as the case may be. If you are collecting an account or a loan that you have made and he hasn't paid you, he has a reason or at the worst, an excuse. What is it? Put yourself in his place and recall that you yourself have had experiences when you were a debtor and you found it inconvenient to pay at the time you were called upon.

Don't stay over there on his side of the fence too long, or you may find yourself sympathizing with your debtor. You have rights and you have to protect them. Your customer has an obligation. There is no difference between his interests and yours, each demand prompt payment. You can give some good advice, and you can give it in sincere friendship You are doing your customer a good turn; in fact, you are helping a whole lot more than if you carry good nature to an extreme and allow your customer to get into the habit of believing his own excuses, for many of them are nothing more or less than just that.

Get your arguments all marshalled together, and prove that your customer's statements are merely excuses. In the end he will have to pay, and so the brass tacks reason for his previous failure will come out, which nine times out of ten will be that he never did, never will and don't intend to pay. Isn't it a great deal better and aren't you doing a friend more of a favor to stiffen up his backbone and arouse his determination than to encourage him to emulate a jelly-fish?

A good, vigorous dose of the resale doctrine may help.

For collection of money is nothing on earth than resale. In endeavoring to collect your loans, you try to reawaken in the mind of your borrower the image that he had of what he was going to do with that money when he made the loan. In other words, you endeavor to make him appreciate much more that thing which he secured, or that which he did with the money he received from you than he does of the money he now has in his pocket or in the bank. You want to get the money that is owing you, and you want to keep your customer. Don't plead poor mouth, don't say you need the money to pay some outstanding accounts, don't imply in any way that you are hard up or you are going to the wall if you don't receive the money which he or she owes you. There is only one reason why that account should be paid and that is because it is owing.

As Bryant Griffin says, "Write the letter, pull down the flap and seal yourself in, then when your borrower opens the envelope, you step out; your eye looks squarely into his; your voice speaks a message in a way that demands his attention."

You have received a list of stock phrases for which we are indebted to Professor Gardner of the University of Wisconsin. If you will, but for the time being, in order to make a start on purifying your letters, eliminate just those which you will find on that list, you will be surprised at the new dress and appearance your letters will take on. Some little time ago we had occasion to write some 30 or 35 of the largest firms in the United States, doing business on the installment basis. Practically everyone of these concerns is rated right around the one million dollar mark. Practically every one of them is of national importance. I have counted out 27 of the replies and with few exceptions they are filled with these phrases. I want to read them to you. Taken collectively they would fill one solid page, single spaced of the ordinary business letter and leave some for postscript on the second page.

I was reading a speech of Frederick B. Stevens of Detroit on business letters sometime ago and I want to read you two or three paragraphs of his pertinent comments on this subject.

He had occasion to read over some 38 letters, which were in reply to a query of the Sales Management Magazine on "Does the House Organ Pay?" Each one of the writers seemed to be stung by the same bug; each letter presented the ancient and honorable but wholly unnecessary phrase prefix to each assertion.

Nine of these 38 letters, displayed a wonderful sense of touch. Each of them prefaced an opinion by saying "We feel" (as "We feel the house organ when properly constructed, etc."). Another read in the past tense, "I felt."

The feeling sensation is variously explained. Six of them read "We feel that," another "we feel confident in saying," while one departed from the present and delved into the future by explaining "We would feel." There you have a feeling few and yet their several opinions might have been given without these introductions. Two "wished to state." One, more bold than the rest, spoke out in meeting and said "We do not hesitate to state." These were real statesmen. Many of these letters bristled with bright sayings. Two "would say," one "might say" and one more outspoken than the rest asserted he was "frank to say," while the "glad to say," "will certainly say," and "certainly say" were on the front seat.

The advisers, too, were present. There were those who "wish to advise," those who "beg to advise," and those who "would advise." There were four of retiring and charming modesty; not quite so assertive, for each introduced his thought by saying, "we consider."

When I read a letter that is filled with a lot of words meaningless in themselves, I am reminded of the difference between the ordinary man and the orator. The ordinary man would say, "Two and two make four." But the orator puts it in this way, "If ever in the course of human events it became necessary to determine the aggregate of two integrals of the second denomination, I venture to assert without fear of successful contradiction that the sum will be found to equal four."

"We presume," "however we are." Here are the first two paragraphs of these letters. Now Mr. Customer gets this letter and he immediately loses interest with the first word, because you are talking about yourself, instead of himself. Get the "You" attitude.

You all know the old saying that "business is business." I used the adjective "old." Present day business has discarded that expression as well as the doctrine of "caveat emptor." "Let the buyer beware." I firmly believe that business has found it has a soul and a conscience. That every business man well realizes that the road to success is to give better service than his competitor. in giving better service he has found that he must scourge his letter of the monotonous and uninteresting, that he must show a real constructive regard for his customer's welfare, because his letters are the representatives of his business. The customer may receive visits from the salesman, he may receive occasional visits from some representative of the credit department, but he will receive more visits from the postman than all the rest put together, and then some. These letters should contain friendly personal touches and build good-will. Remember that what is wanted is to build up your customer's belief and confidence in you and your business, that he may deal with you for years to come realizing that he could do no better.

Gentlemen, if you will but climb inside the envelope and journey out to visit your customer with a friendly greeting and a warm handclasp, you will have accomplished wonders for the good name of business and if there is no soul and conscience in business, you will have gone a long way to put both there.

There are great truths that pitch their shining
 tents
Outside our walls, and though but dimly seen
In the gray dawn, they will be manifest
When the light widens into perfect day.

A list of stock phrases were given each member in attendance.

The President then introduced Clyde E. Whitehill, General Manager Banner Furniture Company, Indianapolis, who addressed the meeting on the subject: "Co-operation Between Retail Furniture Stores and Industrial Loan Offices."

Mr. Whitehill: Gentlemen, I am laboring just now under two conflicting emotions. In the first place, it is hard for me to get on my feet and talk except to those whom I know as I am not well acquainted with but few of you; on the other hand, I am fortunate, because there are very few here who know me and I will have very few friends to meet when I get through, and be ashamed of what I had to say.

I cannot help but follow what the last speaker had to say, by relating to you a similar line of correspondence, that illustrated to me a most tense letter and gives a thought as to what we really are about and what business we are really in.

When the earthquake occurred in California, as you know, all communication was stopped. One of the biggest concerns in the United States, selling window glass, had a big account with a jobber in San Francisco. The jobber owed a large sum of money, which was due the day before the earthquake. When they received the information of the earthquake, this concern began sending telegrams and writing letters, pertaining to their account. Of course, no correspondence or telegram percolated through for many days. In the evening, before the earthquake, the concern in California had enclosed a draft for this large sum of money, which came through eventually. When the correspondence finally reached the head of the concern, the Manager wrote the head of the window glass concern a strong letter, telling of the different treatment they had received from that concern, as compared with other concerns in their state.

To that letter, the Treasurer of the American Window Glass Company replied: "We have your letter and contents noted. In reply would say that we only have two policies in our business and those are, 'If you are not on our books, get on, and if you are on, get off.' "

I think too often that is the attitude of people in any line of credit. I have had a lot of experience in credit, with just such people as you deal with. The most difficult matter that I have encountered is to find men with sufficient intelligence to do just what the last speaker has so well outlined. It is almost impossible to secure an experienced correspondent, whose letters will do at all. I am not going to try to repeat his subject or add anything to it, but that thought simply came to my mind.

I don't know why I should be called upon to address you at all, unless it is because we are in the same boat, in a kindred line of work, in the same situation.

It reminds me of the story of the two men who were passing a cemetery in the South and they saw inscribed on a tombstone the words: "Here lies John Smith, a Merchant, and an Honest Man" and one of the men said: "Why in the Hell did they put the whole three in one grave?"

We are in the same line. I could not possibly make you a talk at this convention. You are fortunate because of the brevity of the time allotted me. I believe that no man has the right to take up people's time unless he has something to say—and I have not. I was scheduled for a talk to-morrow—not today, and therefore, have prepared nothing.

I can say to you, however, with reference to the relationship between the lines which you represent and ours, that I had a most encouraging report to-day to bring you. In recent years, I have not been in contact at all with the part of our business that brings our concern in contact with yours. We have representatives that do that, but some few years ago, I used to have a great deal of dealings with the loan man direct—and I might say to you that at that time my experience was not very satisfactory. I think we have all learned a lot of things in ten years. I am sure there is more heart in every kind of business than there was then; more intelligence, a knowledge and experience that makes many things better.

In those days, I used to be considerably disturbed by the loan men because they wanted information and obtained it in a manner that frequently was exceedingly embarrassing to our customers and to me. That was the situation the last personal experience that I had and, when I was requested to talk to you on the relationship that existed between our two lines of business, and how it might be improved, my reply was: "I am afraid it would not be very pleasant."

I have had no time to devote to the matter and no experience since the time it was unpleasant but I went to headquarters and in that comes the encouragement. I called our credit man in this city to see what their experience is—what it is to-day—and I will try to tell you in the words that were related to me—that "We have no difficulties. We find that the loan men in the city of Indianapolis are a very splendid lot of men, willing to co-operate with us, and our relationships are very pleasant."

Remembering now that it was ten years since I knew anything about the relationship, I was inclined to press for unfavorable information and I am very glad to say that I could not get any, even with an effort. I called on the long distance telephone the credit man and the manager in the city where my experience used to be unfavorable and I received the same reply there—that there was nothing at all to complain about.

Therefore, I am not in a position to talk to you. I came with the intention of scolding and it is only a few minutes since I had that information. My speech is upset. If there is anything remaining that needs to be worked out, I would have to be talking ten years ago.

I can say this to you, that the most embarrassing thing—the most unsatisfactory business dealings that retail dealers had with loan men is in the lack, in some places, of character in the manner or under the circumstances in which they endeavored to obtain information. I would suggest to you it seems unnecessary in Indianapolis. It is unnecessary in Muncie but it may be that somewhere some of you are careless in the manner that it used to be ten years ago. The customers of the retail store should never, under any circumstances, no matter who is making the inquiry with the credit department, hear this information being given.

If I were talking to the credit men of the retail furniture business, that would be my advice—that they provide some means whereby that thing would not occur. That used to be an awful grief in the old days. In that time, very few bills were paid off by the loan men but our credit men have advised me from every one of our cities that they consider the loan agencies to be of great benefit to them in the collection of hard accounts.

Where accounts run for a year, for example, there is a harder time to collect at the final end and that is where you loan men come in as a great advantage to the retailer. Just now, we are in a period that has only begun and I hope it will soon end. There ought to be a better day for the loan men, when closer co-operation between the retail time payment merchants and the loan concerns would be of great advantage. Business has been slipping but I have always had and have now full faith in the business of this country. We are too easily scared. Because business is not so good is no reason why we should worry and should be a hay day for you. Are you aware that between the period called a "boom" in this country and the period called a "depression" that there is never a greater ratio than 10% above or below the central line? Therefore, I have full confidence and I think money can be loaned and accounts sold safely, but with greater caution. There will be more people that cannot pay, that will go to you for money but the percentage of those people and the total number on our books will be exceedingly small and we have no fear; but we have greater use and greater need for you in this period, and in the next few months to come, than we have perhaps ever had within the last five years.

I want to congratulate you upon my investigation. It has been a revelation to me in the improvement of the loan companies and loan men and the much higher class of personnel and the general feeling that prevails by the general public toward your line of business.

Report of Membership Committee.

The Membership Committee reported that

88 members were on the books last year
5 members suspended for non-payment of dues
—
83
5 members resigned
—
78
8 new members during the past year
—
86 members at present time.

Report of Publicity Committee.

Mr. Farrington: This only concerns publicity in Indianapolis. We ran special publicity advertising for nine months and did not discontinue it because it was a failure but because it was expensive and we had covered the ground. We felt that we had told everything there was to tell. The ads were written up by experts and were approved by advertising experts at the National Convention. We wanted to reach the people who never hear of loan companies and do not know what they are for. Our ads came out in the Star and News one day each week for nine months and also were run over the state in other papers.

Mr. Hartz: Fort Wayne used the publicity ads and Terre Haute has had those ads printed in the Chamber of Commerce bulletins. South Bend also used some.

Report of Secretary.

Membership present, 86; delinquent 2, Indiana Loan Co. of Lafayette, and Muncie; five resignations; 5 suspensions; 8 new.

Resignations during year: Valley Loan Co., Huntington taken over by Legal Loan Co.; Clinton Finance Co., Frankfort quit small loan business; Milligan Finance Co., Ft. Wayne resigned, quit business; Willis Dean Loan Co., Marion, taken over by Clupper Loan Co.; Shank Investment Co. resigned.

Automatically suspended non-payment of dues: Equitable Loan Co., Ft. Wayne; Citizens Finance Co., Mishawake; Crescent Inv. & Loan Co., Evansville; Peoples Loan Co., Shelbyville; Security Finance Co., Ft. Wayne.

New Members: Thompson Loan Co., Shelbyville; Thompson Loan Co., Seymour; Legal Loan Company, Huntington, Anderson, Crawfordsville; State Inv. & Loan Co., Richmond; Security Inv. & Loan Co., Indianapolis; Jacob E. Clark, Washington.

Mr. Stratton's booklet which was published by the Association was distributed as follows: 1000 C. H. Stratton, Sullivan; 1000 Penn. Ind. L. Assn.; 500 A. C. Broughman, Marion; 1000 Community Finance Co., Philadelphia; 500 Federal Sec. Co., Lynchburg, Va.; 200 Sec. & Ind. Loan Co., Terre Haute; 100 Household Finance Co., Indianapolis; 100 Sterling Loan Co., Indianapolis; 100 Commonwealth Loan Co., Brazil; 100 First Sec. Co., Huntington; 100 D. Blumberg, Terre Haute; 100 New Method Loan Co., Springfield, Mass.; 100 E. A. Beard, Jr., Covington, Ky.; 100 distributed to members of the Association.

A report from Mr. James W. Noel regarding the test case in lower courts was held to be constitutional. A written opinion is being secured, if possible.

Respectfully submitted,
R. F. Hartz, *Secretary.*

It was moved that the report of the secretary be accepted and made a matter of record. Motion seconded and carried unanimously by a rising vote.

At 4:30 P. M., upon motion duly made and seconded, the meeting adjourned until time for the banquet, to be held at 6:30 P. M. the same day.

Wednesday Evening, May 21, 1924.

The banquet of the Indiana Industrial Lenders Association was held in the Travertine Room, Lincoln Hotel, at 6:30 P. M., Wednesday, May 21, 1924. The attendance was one hundred eighty-six members, guests and wives. At 9:00 o'clock the dining room was cleared and dancing was enjoyed by the party until mid-night.

After a musical program, the toastmaster, Mr. A. C. Broughman, said: "About seven or eight years ago, a gentleman from Philadelphia dropped in to help us organize our present Loan Association. Without any further remarks, I would like to present to his old time friends, Dr. Charles G. Mueller, President, American Industrial Lenders Association of Philadelphia, Pa."

Dr. Mueller gave a very eloquent address on progress the loan business has made.

The next speaker of the evening, Mr. Eben H. Walcott, Bank Commissioner of Indiana, was introduced by the toastmaster. Mr. Walcott chose as his subject: "Progress of Loan Business."

Mr. Walcott: Mr. Chairman, Ladies and Gentlemen: This has been a most delightful occasion — charming ladies, successful men, a beautiful banquet and two fine addresses. That would seem enough; but you have honored me with the request to appear before you and, as I have been intimately associated with your business, I accepted with pleasure.

The administration of the Department of Banking that has charge of your business, is in the excellent hands of Mr. Johnson, who looks after it very well. I was somewhat in the position of the man who got a Black Hand letter, poorly written, so no one could detect who the writer was. It said: "Sir, if you don't bring $5,000.00 down to the old covered bridge to-morrow night, at midnight, we will kidnap your wife." Signed "Blackhand."

The man read the letter over carefully, thought it over and finally replied: "My dear sir: I have not got the $5,000.00 but your proposition interests me very much."

And so I felt very much interested when you requested me to address you this evening and tried to look into the conditions somewhat under which you operate, the success of your operations and the field that you occupy.

Your National President gave you a resume, to some extent, of the development of banking. Back in the early days, the needs of the people were few and their wants were provided for by exchange. One possesses something that the other wanted so they exchanged. As the nation grew and developed, it was necessary to enlarge this field until finally some sort of medium was provided that made it possible for men to secure credit. Bills of exchange, etc. grew out of it and we have gone on apace, year after year, as the demands of the people and the world grew, in the infinite number of its creations—and man's wants grew until it was necessary to provide a wonderful system of Commerce Exchange, which now governs our affairs.

It is not a great many years ago, when a man who did not possess large means, who had but little credit, found himself tremendously embarrassed when he wanted relief for some emergency. It is not a great many years ago when a man was imprisoned for debt; not a great many years ago when severe punishment was inflicted on those who did not fulfill their obligations.

Any of you who have had the pleasure of reading Dicken's Works have been impressed with the story of "Little Dorritt." Back in our own history imprisonment for debt was a law and not uncommon. This was harsh and drastic. It imposed upon those who were not able to provide for themselves suffering, such as would not now be tolerated.

It was necessary to relieve this condition in some way so laws were passed, which made it possible for the small borrower to secure credit in order to supply his needs, and at the same time protect the man who loaned the money.

Prior to 1917, the Petty Loan business was in a most disreputable position. There was no system. It was easy for men without character or conscience to engage in it and the suffering of those who were victims of it was so great as to cause public indignation. However, in 1917 a law was passed, I understand it was sponsored by the Russell Sage Foundation and, under its supervision, was created the "Petty Loan Law," which operated under it provisions. At this time, there are about twenty states that have such laws and about eight which have the same kind of law under which Indiana is governed.

Under the operation of this law and the leaders of your organization, the small borrower is not penalized, to any extent, over what we call the "Big Borrower." He receives the same courtesies and the same fair treatment. Few foreclosures exist under this method. The old condition was deplorable indeed.

It is estimated that ten million dollars is loaned in Indiana, with approximately 100,000 people being served. The field is very large—indeed so large that few people understand it, because the man who profits by your service does not broadcast or cry out concerning his needs. He is retiring, diffident. Sometimes his distress makes him feel embarrassed and where would he turn if he could not go to an institution, operating such as yours? A review and survey of borrowers has disclosed the fact that out of 100% of the people not 15% have what is called "Banking Credit"; 15% are unworthy of credit; 70% are compelled, by their needs, to turn to association such as you establish.

Bear in mind, gentlemen, in the first place, that while there is criticism and always will be, the criticism, in many cases exists because your business is not thoroughly understood. Bear in mind that you operate under the law, passed by the Legislature. Your business is legalized and this law was not passed until the conditions were thoroughly investigated and the need was apparent. If it were not necessary for the creation of a law of this character, to meet a condition, such as existed the Legislature would not have passed it. You have no more occasion to apologize or feel embarrassed, in explaining the business in which you are engaged, than any other legalized business in the state of Indiana. I am not here as an advocate of your business.

You simply come under the Banking Department as one of its departments. I believe it most important indeed, that you educate the people more extensively regarding the service that you supply and the needs of the people that are associated with you—not only in the way of the borrower, but the class of people who are associated in the business. To more aptly put that, I went over some statistics recently of occupations and classes in the country and found that 430 occupations were listed among the borrowers—illustrating without question the field that you cover. In practically every case, these men came to you because they were unable to borrow from some other institution, such as Banks, Trust Companies, etc. Would it be wise to condemn? Would it be fair to condemn those who make it possible for all these different classes of people, in distress, to find any relief or help, in their hour of need? Would that be just?

The only way to meet such conditions as arise is to call attention to the people who borrow and the service they receive. Another thing that should particularly be called to the attention of the public, who are wont to criticise is that this is practically the plan devised by the Russell Sage Foundation. The Russell Sage Foundation is a philanthropic organization. It attempts to devise plans and methods that will bring assistance and help to those who are needy and are unable to secure help in any other way; and when they endorsed your business, they did not endorse it because they have any sentiment in regard to it, or are interested in a pecuniary way; but because they thought "This is a wonderful way that these people can find relief in their hour of despair."

What is necessary as a basis of credit to borrow money under the Loan and Credit Act of Indiana? I tried to find out, to some extent, what different classes were served and, as near as I could determine, the largest amount of security consisted of household goods. Of course, there are other forms of security.

Into every man's life there comes an hour, so dark and dreary that it seems that hope is almost gone. He may have had friends in his brighter days, when all went well with him; but when the dark dyas come, when sorrow and grief grip his soul, who will stay by him? Where will he go? If he has been a failure, he is turned down. Can he make a public appeal? How many want charity? God forbid; so where can he go? He must turn somewhere. He has his home furnished, to the best of his ability, and so in his hour of distress he goes to some man who says to him: "I will let you have the money and I will take a lien on your household goods." He gladly accepts. It is not a question of bartering around to see what best trade he can make. It is a question of getting money that he must have.

The people at large think that under the law, under which you operate, that grants you 3½% per month on your loans, you are making so much money that you are grabbing at the very life of the borrower. But what do statistics show? I have here a report of the Commissioner of the State of Virginia.

In Virginia the small loan companies are not only under the supervision of the Banking Department but they are examined by the Banking Department and a detailed report is prepared. In Indiana, you are entitled to that service, but you don't get it. As it is now, under the law, all you do is pay a fee of $100.00 per year, provide a bond for $1,000, not loan any money exceeding $300.00 and not have a rate over 3½% per month. That is all we are concerned with in our Department; but in Virginia, they make a thorough report. There are thirty-two small loan companies in the state of Virginia and, in this report for 1923, they had a working capital of $1,826,000, employing more than 100 people caring for 25,211 accounts, making loans from $5.00 to $300.00. Interest for the year amounted to $573,994.60 leaving less expenses a net of $186,628.00 or an average of 10.22% on the capital invested.

What are they looking at that they don't understand? It is your fault gentlemen, that they don't understand you because you don't help educate them to the real facts existing. I asked Mr. Hartz about some of the facts in Indiana. Some people think 3½% monthly means $42.00 interest annually on $100.00. They don't take into consideration the fact that interest is charged only on monthly balance. I thought myself it was too high and may have said so at some time; but any business that does not run over 10.22% per annum and is as hazardous as yours ought not to be questioned by anyone and you ought to make the public understand this.

We don't question the doctor's or lawyer's fee when an emergency arises. It is really up to them what they charge. If I have misquoted figures, I don't know it. If you have something "up your sleeve," I don't know it; but, according to these figures, I see very little criticism for your business.

Every movement, as I said before, grows out of some pressing need. I understand that, under this uniform law, there has been a tremendous growth in your business. I think that growth is due to two causes—one that the borrower thinks he is being treated fairly; the other that you, yourselves, operating under the law, feel that there is safety for your capital and a place for your business.

There is still necessity for regulating loans, so as to prevent unfair advantage. That is why I understand you had this law passed—to assist you in carrying on your work.

The hour is getting late and I have talked as long as I should. I have only spoken to you as the knowledge has come to me. Your business is misunderstood as many other kinds of business are misunderstood, through ignorance. I am under the impression that a great many people analyze your business wrong. There is a saying that "there should be no sentiment in business" but that is wrong. Sentiment is necessary as a heart-felt impulse. Without it, life would be barren, like the rose without its fragrance. Part of life's joy is in gratifying heart's impulses. To take the last dollar, wet with the tears of suffering is not necessary. You would not and could not do this—but to operate your business under the regulations of the law, which recognizes the needs for your service, is honorable and you can rightly feel that you are giving service to many who would otherwise suffer.

The Toastmaster thanked Mr. Wolcott on behalf of the Association, expressed his belief in the sincerity of Mr. Wolcott's statements and added: "From a man in Mr. Wolcott's position, it is excellent news to us for we, as an Association, are trying to do the things which he mentioned."

THURSDAY MORNING, MAY 22, 1924.

The meeting was called to order at 9:30 A. M. by President Davies.

Mr. Francis L. Thompson of the Thompson Loan Company, Shelbyville, Ind., read a paper on the subject: "Credit Rating Bureaus. Their Methods and Effect on the Loan Business."

Credit Rating Bureau and Their Effect on the Loan Business.

The changing conditions are affecting the extension of credits and particularly in relation to the small loan business. I presume that most, if not all, companies base their credit on the ability of the borrower to repay, taking as a prime requisite what, for the purpose of this paper, we will term "Repayment Power." It is, I believe, a well proven and accepted fact that the most inexcusable crime in credit extension is overloading, and in avoiding this serious mistake the outstanding obligations and current expenses of the borrower in addition to your payment must be taken into consideration.

This is where your local credit rating bureau becomes effective and brings before us a somewhat new angle or at least new in our territory, that can be a serious menace to the general good of our business.

The retail people of the country are rapidly perfecting credit rating bureaus for their own protection and in addition to local bureaus have both state and national organizations all closely affiliated and in our territory were even going to the extent of taking from the county records a list of all chattel mortgages, sending daily to each member a mimeographed copy, and in some cases these lists were exposed to the view of whoever cared to look them over, but the most dangerous point in connection with their plan was that everyone having a chattel mortgage was to be denied credit for that reason. You can readily see their viewpoint as they well know we hold a preferred claim over their open accounts. The ill effects that would naturally follow such a practice was a general exposure of our customers' accounts and a complete killing of their credit throughout the city.

This condition was first discovered by one of our association members, who immediately took the matter up with me. We called a conference and upon investigation found this to be the methods followed and recommended by the credit association throughout the state and nation and while doubtless not always carried to the extreme such as we found it, creates an undesirable and dangerous condition.

To combat and overcome this we called upon several of the prominent members and by showing them the methods followed by us in passing upon the credit of a customer proved to their entire satisfaction that an applicant who was able to turn in a satisfactory application, and property statement, was a better risk than many whom they were accepting. We also explained that through our methods of collection we were materially assisting in making better payment customers, and as a clinching and convincing argument, that better than 75% of all money loaned by companies such as ours was immediately used in the payment of past due obligations, largely to local merchants.

I believe the credit bureau can be made an asset to our business through our establishing a proper relationship and understanding with our local bureaus and by our State and National Associations sending representatives to the meetings of the Credit Men's Association to discuss such conditions. It is purely a matter of educational work in what I believe to be a very important and apparently overlooked field. The magnitude of our business and its unquestioned service to a large percentage of our population entitles us to consideration on any subject and before any body of men.

Mr. Thompson: If I may digress from my paper a little, in the state of Indiana there is a state organization known as the "Retail Credit Men's Association. That has the affiliation of nearly all credit associations and it also is connected with the National Credit Bureaus. They are purely local concerns with their state and national affiliations. It is nothing like the Dun or Bradstreet people and they maintain an office, in which the people who do credit business in a community, are carried over from the ledgers into this Rating Bureau.

This chattel mortgage trouble can be wiped out entirely but why not go to the head and sell men like Mr. Whitehill and people who are connected direct, in order o overcome the trouble?

Several members discussed this subject. Mr. Arthur Dana, Auditor, L. C. Harbison Co., Chicago, Ill. then read a letter addressed to all their offices on the subject: 'Is it good business to make loans on agreement to accept interest only?"

Chicago, February 21, 1924.

Dear Mr. Dehnert:

The Virginian Legislature is in session and a strenuous effort is being made to reduce the 3½% rate to 3% on unsecured loans and 2% on secured loans. The amendment has or will pass the House. The proponents of the amendment presented payment books issued by several licencees to show that the taking of interest, when no principal payment is made, is quite common practice, and the amount of money paid by the borrower in interest was stressed. In short, I am informed the best argument proponents have for their measure is the practice of allowing customers to carry their account simply upon payment of interest.

I am calling this to your attention to show the far reaching effect of this bad practice and to impress upon you the inadvisability of excusing a customer from making the regular principal payment except in an extreme emergency, and with request that you, in your contact with others in the business, will do what you can to prevent them from following the practice.

You know from experience that it is comparatively easy to bring to the office more customers than you can accommodate. In view of this, it is decidedly bad business to permit a customer to carry an account simply upon the payment of interest, or to give a customer money when you are not satisfied he is going to make good use of it, or to give customers more money than you know hey should have, or to make loans which you know it is best not to make, either because of the security offered or circumstances surrounding the loan which your experience tells you make it undesirable.

I am satisfied there is enough of the kind of business we want in your city to keep every dollar you have employed all the time if your every effort is made to get that kind of business.

Yours very truly,
L. C. Harbison.

Mr. Harbison: That was a general letter sent to all branch offices. We will not entertain an application for more than one month, without a payment on the principal. They all obligate themselves to pay interest on the principal each month. You don't have to limit yourselves to but just a few applicants but the smart thing to do is to do like Mrs. Snyder in Chicago. She said that she cannot make all the candy so she makes the best of it. Our policy is not to create more business than we can supply and to cut the cost of the individual loan down to the minimum. If you want to uplift the standard of your business, you must have confidence in people and show your faith in them. You can extend your business to the right class and they will be glad to borrow from you if they know about your business.

Mr. George W. Farrington of Indianapolis, Ind., Manager Commonwealth Loan Company, addressed the convention on the subject: "Testimonial progress made in the last few years, establishing Exchange Bureaus."

Mr. Farrington: I trust that this subject of Exchange Bureaus will not be confused with Credit Rating Bureaus. The Credit Rating Bureau has been discussed and settled in the mind of each fellow, who argued the subject. Each one believes the same as he did when he began. The Exchange Bureau is an entirely different proposition, as I understand it. It does not attempt, in any manner whatever, to say to you what a man's credit standing is. It merely gets facts and you determine for yourself whether you want to make a loan, on the information that you get from them, as well as what you gather yourself. The main object of this affair is to keep from doubling up loans. I have been wondering why it was that it is only within the last few years that such an interest was taken in the establishment of these Bureaus. A great many losses must have taken place before their establishment, that could have been avoided. It was necessary to get information somewhere, to determine whether you should, or should not, make a loan. Other businesses are establishing these same Exchanges but they are particularly necessary for the loan men and, of course, cut down your chances of collecting, if you go bad.

The Exchange here has been running 26 years successfully and we have sixteen members, out of a possible 17 or 18 that might be members. They include the Welfare Public Loan and a Cut Rate concern, which in the beginning organized to put us out of business. Now they belong. They consider it necessary to know something about the number of bills a man has outstanding before they determine whether they want to loan him. Mr. Wick of Philadelphia made a great deal of effort, some time ago, to get letters from Exchanges where these had been established and he was kind enough to send me a list of letters from men as to what they think of the Exchange.

The following have all been organized since 1922:

List of Exchanges	*No. of Members*	*Out of a Possible No.*
Baltimore, Md.	6	19
Philadelphia, Pa.	21	33
Wilkes-Barre, Pa.	3	5
Scranton, Pa.	4	5
Jersey City, N. J.	9	9

List of Exchanges	*No. of Members*	*Out of a Possible No.*
Newark, N. J.	9	12
Reading, Pa.	3	7
Camden, N. J.	3	3
Norristown, Pa.	2	2
Lancaster, Pa.	3	3
Paterson, N. J.	4	4
Pittsburgh, Pa.	12	12
Trenton, N. J.	5	5
Bethlehem, Pa.	2	2

Mr. Farrington then read extracts from letters from the following, expressing their approval of these Exchanges:

Peoples Finance Service Co., Baltimore, Md.
Community Finance Service, Inc., Jersey City, N. J. and Camden, N. J.
Security Loan Co., Germantown, Philadelphia, Pa.
Committee Loan Co., Philadelphia, Pa.
Mutual Loan Co., Lancaster, Pa.
Protective Investment Co., Paterson, N. J.
Household Loan Co., Reading, Pa.
Guarantee Loan Co., Scranton, Pa.
Industrial Loan Society, Newark, N. J.

Mr. Farrington: I don't know how many of you fellows are interested in forming an Exchange. There will be time for discussion after this address. I would like to hear from those who are operating Exchanges in Indiana. The things we report in Indianapolis are name, address, wife's name and former address. We get addresses back for three or four years. That is for the purpose of locating "skips" for furniture companies. It is absolutely necessary that we have relationship with furniture companies and that is why we were anxious to have Mr. Whitehill talk yesterday. I attempted to tell him a few things about the way loan companies and furniture companies get along in Indianapolis but he would not listen and he found out for himself. The information he got from his own houses in Louisville and Muncie and here must have convinced him that conditions are most ideal in Indianapolis. We co-operate with the furniture companies and have located many "skips" for them and believe that we have served them better in that respect than in any other. Sometimes fellows they could not find for a year would come to us for a loan and then we advise the furniture companies.

Mr. Teel: In operating an Exchange Bureau in a town ranging from 75,000 to 90,000, what would be the initial investment?

Mr. Farrington: One small company operates an Exchange with about eight members. All you need to figure for your expense is the cost of a girl to keep up the records. We have sixteen companies and we employ two girls and it keeps them busy. They keep a record of mortgages on automobiles, etc. It helps us determine whether we can loan him as much money as he wants or not. You don't have to have an expensive room. Telephone, rent for room and cost of girl's services, together with supplies is all the expense you have. We get all the information we can from the borrower and where they have credit and give this information to the Credit Rating Bureau. They call these people and they also have a card and give us any information they can. We find they have given us good service at a very cheap rate.

Doctor Mueller: With all regard for the official conduct of your Indianapolis Bureau, I do not think it has the scope that we find in the Philadelphia Bureau, which is operated by the Philadelphia Chamber of Commerce—the Retail Merchants Bureau. As a matter of assistance and receiving information on the applicants, we have the benefit of 600,000 names of merchants outside of the loan accounts. We have the prestige of the local Chamber of Commerce and get three times the information we want. You cannot have the prestige when the lenders themselves operate it. Then we have a system in Philadelphia where, when applications are made in the afternoon, by 9:30 the next day every lender has been called back with the information. They put two, three or four girls to work at once to clear that information. You cannot do that where you only have one girl to do it.

When a girl is away, what happens to the organization? We have the added advantage—and I say, if you can get the Chamber of Commerce in any community, with the Retail Merchants Credit Bureau, who will take this as a side issue, and work out the details to your entire satisfaction, you have done a decidedly finer thing than permitting the loan men to operate it themselves.

Someone has to select a successor if you only have one girl. It is my recommendation to you that you consider seriously handing it to this body to operate for you.

Someone mentioned the fact of several lenders being in a community. When the City of Baltimore turned over to the new order of things, the lenders were not ready to accept the statements of each other. There were two of us who believed in each other and we passed the names of our applicants to each other daily. Within a week, four more came in and for a long time, only six out of nineteen. In time, it gathered momentum. You will find more people who are negative on propositions of this kind than are positive. If you will just have the courage to go and to it, you will succeed. The result is they sent their applications as they came in. Six of us said: "If this is good, we want all of it, and if no good, we don't want any"—so we made up a complete duplication of cards in our files and sent it to the Chamber of Commerce. In less than three and one-half months we cleared every account in the City of Philadelphia.

Why confine our business to the installment houses? I don't think there is a department store here that does not want to know about it. If there are only two of you in a town, I suggest that you pass the information and keep your business clean. I had a talk with the president of the Standard Oil Company. It cost them forty million dollars to know what it meant to have co-operation. The finest minds in the commercial world to-day are thinking and talking about what we are discussing now. Go to it.

Mr. Farrington: The loan companies do not call them any more than they call us—and it is to their benefit to know We have not found it objectionable either because each Exchange tries to accommodate a certain line of business and that line is independent of the other ones. I am glad that Dr. Mueller brought up the question of being able to get another line of business to help because it did not work out in Indiana and we naturally assumed it was because they were in connection with the other line of business. However, if it worked in Philadelphia, then it ought to work out in Indianapolis. A few years ago, we made an attempt to associate our organization with the retail furniture stores. We often asked them to put their exchange in with ours. They were skeptical and wanted to pin us down to things which we did not want to accept. They did not want us to know about their live accounts.

Mr. Maurice S. Kent, Manager Household Finance Service Company, Indianapolis, then read a paper: "What knowledge is gained by attending State and National Association Conventions."

What Knowledge is Gained by Attending State and National Association Conventions?

When Mr. Hartz assigned the above subject to me somehow I felt that I really could not do it justice. Then I remembered a poem I had read penned by Edmund Vance Cook and I have at least made an effort. The poetry in question reads as follows:

If you think you are beaten you are,
  If you think you dare not you don't,
If you'd like to win but you think you can't
  It's almost a cinch you won't.

If you think you'll lose you're lost
  For out of the world we find,
Success begins with a fellow's will,
  It's all in the state of mind.

If you think you're outclassed, you are;
  We've got to think high to rise,
You've got to be sure of yourself before
  You can ever win a prize.

Life's battles don't always go
  To the stronger or faster man,
But soon or late the man who wins
  Is the man who thinks he can.

Getting back to the subject assigned to me, will say that if I do it justice it should be a very interesting one to chain owners as well as managers.

Take for instance the owner of several offices. I imagine sometimes his thoughts run in this manner: "Here I have spent large sums of money to enable my managers and auditors to attend these conventions and what have they gained? I figured my expense on this sort of thing last year and it amounted to thousands of dollars. How have I gained anything or where have they benefited? My offices were doing fairly well before we used to meet, now what does it all sum up to? Why should I continue to give these conventions my support?"

I believe the main answer to all of the above questions is this: We learn by attending these conventions that we are in a clean, decent, legitimate business, a business that we can be proud of and one worthy of anyone's support. To make a success of a business you must believe in it or all is lost. If you do not believe in it, or can't be loyal, do justice to yourself and your employer and quit. This gets us back to our poetry again:

If you think you're outclassed, you are;
  We've got to think high to rise,
You've got to be sure of yourself before
  You can ever win a prize.

I remember back in 1916 before I ever attended one of these meetings, that my opinion of the loan business then wasn't as high as it should have been and is now. At that time I was just a little ashamed of my profession. I well remember my first call. I went on it about as happy and in about the same frame of mind as

I imagine a man does who pays a midnight visit to a bank to crack a safe. In 1921 I was transferred to Chicago and beheld my first National Convention. There my eyes were opened. I found that really big men with big ideas were in this business. I learned that our business was not a temporary slipshod affair thrown together for profit only but that our association was a permanent, living thing building for the future with high ideals. That our business was a necessary cog in society and that we must be right or we could not exist. At this convention I heard men get up and say, "Do not take interest payments only, it's bad for the customer, therefore, it's bad for you." Here were men actually talking against their own interests to give the customer who dealt with them a square deal. Then some one else said that it wasn't good to make a customer a loan even though he had more security than was necessary if he did not have the income to pay his loan and I thought some more. Here were men who refused to make a loan and make money on it if it would cause their patron embarrassment. Surely these fellows were not so bad. Some one had them wrong. I began right there to respect my business and have never had a doubt about it since.

There isn't a man here in active charge of an office who doesn't hear this remark almost every day from pleasantly surprised customers, that is: "Why I never thought people who conduct loan offices were so nice to deal with." That means a whole lot to us and will do more for us than all the publicity campaigns we can ever put on. It's just a reflection of the way we feel toward the public and the birth of it was in our conventions. It all comes from the slogan, "Treat the other fellow as you would like to be treated yourself."

The main thought I would like to get home and I think you will be well repaid for your trip here if you get it is: think well of your business. You must think well of yourself if you want the other fellow to think well of you.

The happy thought is other people are thinking well of us. Such men as we enjoyed hearing last night would never have honored us by their presence if they were not absolutely convinced that we were a benefit to the public and an asset to the community.

When people need money they come to us for it. Very few people are willing to assist them or take the risk for less than we do. Our rate is right, our methods are right and there is no reason in the world why we should not continue to prosper and be honored and respected citizens.

Another thing we get out of this meeting is learning to know the other fellow. We know one another and that helps us to help one another. There is not one of the boys here in the city of Indianapolis belonging to the agency for whom I wouldn't go out of the way to help, either in a personal or a business way. I hope and believe they feel the same toward me. It all comes from getting acquainted. The other fellow really isn't so bad after you know him, and learn to give and take a real friendly hand shake and a smile.

The question—"Best Methods of Handling Return Checks" was then declared open for discussion.

MR. KENT: I am indebted to Mr. Dana for the way he handles checks and I also worked in a bank for four years. If you go to any of these banks, you will get a red slip that they pin on checks. I take off the slip, which gives the penalty, and mail this slip in a letter, marked "Insufficient funds" and add "I wish you would please read the little slip carefully, attached to the check." In nine cases out of ten they will come rushing in to take up the check.

Several others discussed this subject.

Report of Auditing Committee.

We, the members of the Auditing Committee have checked the records of the Treasurer and find the report as submitted to be correct. Balance on deposit at Bankers Trust Company checks with report.

Respectfully,
W. G. CHANDLER, *Chairman*,
H. E. ARNETT,
R. REYNOLDS.

It is moved that the report of the Auditing Committee be accepted and made a matter of record and the committee be discharged. Motion seconded and carried.

Upon motion duly made and seconded, the meeting adjourned at twelve o'clock to reconvene at 1:30 this afternoon.

THURSDAY AFTERNOON, MAY 22, 1924.

The meeting was called to order by the President at 1:30 P. M.

Mr. Blaine McGrath, Publicity Expert, addressed a meeting on the subject "Ethics that Build Public Faith in the Industrial Loan Business."

ETHICS THAT BUILD PUBLIC FAITH IN THE INDUSTRIAL LENDERS' BUSINESS

BY BLAINE MCGRATH

There is no business in existence whose continued success depends any more largely upon the faith of the public than that of the industrial lender. There is no class of business men who need to be more alert to the opportunities for keeping a tight grip upon the faith of the public than do the industrial lenders of America.

It has not been many years since the lender of money in small amounts, was not considered a person of good repute. The money lender who charged more than the nominal interest was a usurer—a person to be shunned unless his assistance was imperatively needed—and any borrower who could beat the hated lender out of his "exhorbitant" interest or any part of the principal sum that had been lent him, chortled to himself and told his experience to friends who applauded because someone had got the better of a money lender.

There are certain fundamental, sound reasons why the money lender of a few short years back was in disrepute. He lent his own money on scant security or none, to persons who were without responsibility and mostly without honor; he charged them all the interest he thought he coult collect and he fought the unscrupulous borrower with equally unscrupulous and heartless means of collection. The old time lender seldom witnessed an honorable act on the part of the borrowers who were constantly trying to avoid payment of their debt to him. He was accustomed to being lied to and lied about and in his turn he cheated when it profited him, he made his unfortunate patrons pay well for whatever joy they got out of hating him. The lender was hemmed in by few laws; he was protected by fewer laws. He ran his business without regard to ethical conduct and without regard to how the public felt about him or his business.

Now, we hope, "them days have gone forever." We live in an age when it makes a difference to us how our neighbor feels about us. We live in a day when it profits us to have the faith and confidence of the public and when loss of public confidence in all kinds of business means financial loss as well. And since the business of lending money is now passing through the transitory period of its existence—removing itself from the position of disrepute that it once occupied and lifting itself to the position of an honorable business, regulated and safeguarded by nearly uniform laws in nearly half of the states and attracting to itself men of honest business motives, men of integrity and of good standing in their communities who are not ashamed to tell the public they have money invested in the industrial loan business—is there any business in America that needs the faith and the confidence of the public more than it is needed by the industrial lenders?

Is there any other business that is so susceptible to attack by misguided individuals, by misinformed—or not at all informed—legislators, or by any one of a host of ill wishers who are ever ready to "knock" a business that is striving to elevate itself and to improve the standards of the character for the men who are entering its portals?

You men are in a business that is still on trial for its right to live and prosper. Your every act, when it brings your business into public notice, is being put in evidence in the public mind either for or against your business. Your continued upright dealings with patrons is being written into the record of the trial, and the public is being made conscious of the fact that you are engaged in an honest business, if through advertising and other mediums of public contact you tell the people of the service you are rendering the man who has sudden need for money.

On the other hand, you need not advertise the fact when one of your associates in the business of industrial lending makes a misstep or commits an unethical act. The fellow who is wronged, or thinks he is wronged, and his friends and acquaintances, will advertise your business for you. They will write letters to the editor of your town's newspaper and the editor will publish them, and the business of lending will receive a setback in its march forward toward the attainment of public faith.

When one of your associates uses untruthful statements in his advertising—makes false claims for his service that are proved false when a borrower comes to make settlement—that lender has wronged all industrial lenders engaged in the business. He has made it more difficult for you all to do a straightforward business.

When one of your number makes a loan to a customer, knowing that the customer will be unable to meet the obligation when the monthly payments fall due, but that he will be forced to foreclose in order to get his money back with the accrued interest, that lender is wronging you and you and every one of you, because, while he will get his money back from that particular transaction and the interest and he will make a profit on the individual deal, that lender is certainly in disrepute with that borrower and that borrower's influence and the influence of his friends—and not any of us are so insignificant that we don't have a few friends—will always be used to the discredit of the industrial lenders' business. And at every opportunity harsh words will be said about industrial lenders and their business.

When an industrial lender permits a man or woman customer to borrow more than he or she can pay back within a reasonable time, knowing that difficulty in collection is certain to result from overloading, temporary profits may be acquired, but the net result of such an unbusinesslike transaction is a reaction against industrial lenders generally, and brings public distrust against the business you men are endeavoring to improve and advance.

When one lender seeks to take away the business of a fellow industrial lender through any unfair methods, by direct solicitation, by the use of a mailing list that is the property of his fellow lender or through the treachery of disgruntled or discharged employes, the lender who is guilty of such conduct is scuttling the ship that is carrying the industrial lender business through the commercial seas of the world where the going is already hard enough without such impediment among the crew.

The tugging at the other fellow's business may profit the guilty lender temporarily. He may make a few extra pennies off his competitor's customer list, but he is doing the industrial lender business an injustice—he is stealing from a man who should be, if he conducts his business honestly and ethically, his very best friend. I do not know that this sort of thing is done in Indiana. I have a good friend who is a money lender in another state and he has told me of instances of this kind.

Competitors in the industrial lending business have every reason to be friends. They have many common interests and they should be united in every possible effort to strengthen the foundations on which the business is erected, and to strengthen the reputation that you men are trying to build as honest, square-dealing business men. There is business enough for all without any of you trying to undermine the business of one of your friends. If you have developed a profitable list of clients, it has cost you effort and money to make them customers of your business. When a competitor tries to take away from you any of your customers by unfair dealings, he is endeavoring to deprive you of something of value—and in the language of the laws of our land that competitor's action is called stealing.

I am afraid that too many industrial lenders are holding back the progress of the business by placing too great an importance upon the immediate profits that the business affords. It is natural for every man to want to make money; the quick money that is easiest to see, however, is not always the most desirable kind to acquire. In every business—and I believe this truth applies with more than average force in the industrial lender's business—if the first and uppermost thought is service to the customer, the making of money is an unescapable consequence.

Since your business is one entirely of personal service, it is up to every one of you to see that your patrons are served well, that they are treated with the same consideration a merchant shows to a good customer, and let your attitude toward them always be such as to impress your patrons with the fact that you are conducting a friendly business, one that has a position of genuine service in the world of business to fulfill.

Courteous treatment, I have no doubt, is appreciated more deeply by the man or woman who calls to obtain the service of an industrial lender than by any other type of business customer. They come to you when they are in need and often when they are in actual distress. Can't you sense in those interviews with troubled souls who need your service, the opportunity to implant in those minds that are so receptive to your words, a permanent and unshaken belief in the integrity of the industrial lender's business? And can you not see that when you send out from your office the scores of well treated, well served patrons, you are serving the industrial lender's business as a whole by sending forth men and women who will speak no evil words of you or your business?

And when you back your friendly personal service to the needy with honest service that goes through every part of every transaction from the very beginning of your seeking business relations with a prospective patron to the receipting for the final payment of his indebtedness—and no customer's account is so insignificant as to warrant any employe of yours being discourteous or impolite in any step of the way your patron and you are walking together—you are building that customer's faith in you and in your business. He has friends and acquaintances but the nature of his business with you likely has sealed his lips. He will not advertise your good acts, like the man who had dealt with an industrial lender to his disadvantage is likely to advertise the shortcomings of the lender or his business.

Therefore, you must tell the rest of the world of your service. You must advertise your virtues and see to it that not any one among you bring discredit upon yourself or upon the business by wrongful acts that will tear down the public faith and the public confidence your square dealing and friendly policies are building.

There are many ways in which you can be instrumental in building a greater public confidence in the business of industrial lending. What is termed institutional advertising is a powerful instrument in the swaying of public opinion. Your association has done some advertising of this kind. The effect of the advertisements your organization sponsored in the newspapers some time ago could not help but elevate the standing of the business in the eyes of the public. There is an accumulative value to that sort of advertising that is lost unless the campaign is kept going.

You can all recall just a few years ago, when sauerkraut was not held in high esteem. It is not a dainty dish, any more to-day than it was a few years ago. But the makers of sauerkraut have kept up a continuous program of advertising, and to-day thousands of families eat sauerkraut regularly every week, and they are not ashamed to admit it publicly. Institutional advertising turned the tide.

A few years ago cigarettes were in disrepute among respectable people. In Indiana a law was passed prohibiting the sale of cigarettes, and even making the person caught smoking a cigarette subject to arrest. Now cigarette smoking is almost universal. Even the feminine population of the nation has contributed to the millions who smoke cigarettes to-day. Institutional advertising brought the cigarette out of disrepute and made it a favored dissipation of millions.

There are countlesss other illustrations of what advertising has done for various kinds of business. It will work wonders for the industrial lender's business, if intelligently handled and if the statements made in the advertising are lived up to by the lenders of the state.

And there is another important factor in your hands to use in building public confidence in your business. It is your own personal endorsement of the business. In Frank Bacon's famous play, "Lightning" there was a character who received a pension from the government. He used to display his pension check with the insignia and seal of the United States government and the signature of the treasurer of the United States, and he would point out to his friends that in spite of all the official decoration of the check and the authority vested in the officer who signed the check, it wasn't worth a dime without his personal endorsement on the back.

And this is true of the lenders' business. The business may be good. It may be honest. It may be doing a public service, but it needs your personal endorsement to strengthen the position of the business in your community. It needs to stand as high in the community as you do. If you take an active part in church affairs, don't hide the fact that you are engaged in the business of industrial lending. If you belong to clubs and civic organizations—and you certainly should have as prominent a part in such activities as you can—let your fellow club members know that you are not ashamed of your business. By your conduct in your community you can cause folks to respect you. And if they hold you in high regard, and know the nature of your business, they will say, "The loan business cannot be a bad business or So-and-So would not be engaged in it."

And in conclusion, let me repeat: Run your business in a way that is above reproach; observe the Golden Rule of treating your competitors as you would have them treat you; give your personal endorsement to your business; seek public confidence by advertising; and then live up to what you have advertised.

Mr. Elmer Johnson, of the State Banking Department, was called upon by the President to say a few words to the convention.

Mr. Johnson: When Mr. Wolcott came over to the State House, he didn't know much about this particular business. When Mr. Hartz mentioned having him on the program, I talked to him and he was glad to have a place on your program. I am sure that in Mr. Wolcott you have a good friend in your work and believe you will be safe in going over to see him when the Legislature meets, if there is anything that you want from the Legislature.

It is pretty hard, in our state, to get any real statistics on the business because we do not have any kind of examination. I believe you would bring more of your men in if you would ask for more from the Department than you have. At present, you have just a slight appropriation over there—something around $3,500 for the maintenance of your Department. Most of the income that comes into the Department is your money. I think you would be justified and I assure you, from my standpoint, if you will come over o the Legislature the next time, I beieve you will get your just share. The Building and Loan people are getting ready to go out for a separate department. Banks and Building and Loan companies fight each other. I don't hink there is any state better organized han Indiana, but on the other hand, I hink you have not given proper attenion to this Legislative program.

I want to assure you of continued cooperation in every way where we can help you now or in the time to come.

Doctor Mueller: I think what Mr. Johnson has just said is most commendable and you don't know how much you are indebted to him—not only for the conversion of Mr. Wolcott, but in many other ways.

I agree with Mr. Johnson in his recommendation that $3,500 is inadequate to supervise your business, for your protecion. In Pennsylvania, there are 208 licensees in the state. Half of them are members of the Pennsylvania Association. By reason of the modification of the 1915 Act, amended in 1919, eliminating fees, and substituting a flat interest rate; the old law gave the administrating officials power to investigate the books, without the necessity of a search warrant and gave him ingress to the licensees; but it did not give him permission to examine enders who refused to take out a license, so he might determine what was the rate of interest they were charging; so lately the language has been modified to give the Bank Commissioner and his assistant authority to go out and investigate any person suspected of lending, and if the nterest rate is larger than the state permits, then he is subject to penalty.

Mr. Johnson brings to you an opporunity of having great supervision, which you should appreciate to a high degree.

If this body will appoint a committee o-day to formulate plans to secure the proper persons, who can make recommendations to the proper committees, at the proper time, to increase that pressure by sufficient amount, I am sure the Department will be glad to supply figures that are necessary to make that appropriation adequate to act on. You must uphold and maintain the dignity of your profession. You never find men, who are in disrepute at times, who ask for an investigation, unless they can come in with clean hands. I would like to see such a committee appointed at this time, if you think favorably of it.

It was moved by Mr. Hartz that a committee of three be appointed to take acion as Dr. Mueller has suggested.

The Chairman appointed Mr. Aufderheide, Mr. Zumpfe and Mr. Broughman to act on this committee.

The question "Why managers should take active part at conventions" was then declared open for discussion.

The Chairman called upon the managers who were present to give their views on this subject, upon the suggestion of Mr. Broughman.

Messrs. Kent, Bishop, of Indianapois, J. W. Eastep, South Bend; Clift, Indianapolis; Schurman, Farrington, Swain, Crawfordsville; McGregor, Madson, Arnett, Denger, Liggett, Hurrie, Stone, Ganzer, Hammond, Clark, Washington; Leapley of Connersville, and Mr Aufderheide all spoke very favorably of the good that comes from attending these conventions, of the information, so valuable which they receive at these meetings, of the spirit of good fellowship that prevails, etc.

Report of Nominating Committee.

It was the report of the Nominating Committee that the present officers of the Indiana Industrial Lenders Association hold over for another year.

It was moved by Mr. Grinsteiner that the report of the Nominating Committee be accepted and that the present officers of the Association hold over for the ensuing year. Motion seconded and carried.

The Chairman then read the list of officers as follows:

President, Fred Davies, Kokomo, Ind.

First Vice President, W. G. Chandler, Indianapolis, Ind.

Second Vice President, John McGregor, Madison, Ind.

Treasurer, W. R. Hancock, Indianapolis, Ind.

Secretary, Roy F. Hartz, Indianapolis, Ind.

Executive Committee — Fred Davies, Chairman, W. G. Chandler, John McGregor, W. R. Hancock, Roy F. Hartz, George L. Clupper, George Farrington, A. C. Broughman, Clarence E. Clift, Wm. A. Zumpfe, John H. Aufderheide, H. H. Burrell.

Election of delegates to the National Convention was next declared in order by the Chairman.

Mr. Fred Davies was nominated by Mr. Hartz.

Nomination seconded.

Mr. Arnett was nominated by Mr. Grinstiner.

Nomination seconded.

Mr. W. G. Chandler took the Chair during this election.

It was moved by Mr. Hancock that the nomination of delegates to the National Convention be closed and that the Secretary cast the ballot for the two delegates nominated. Motion seconded and carried.

Mr. Hartz accordingly cast the ballot for the two delegates to the National Convention—namely Mr. Davies and Mr. Arnett.

Nomination of alternates to the National Convention was next declared in order by the Chairman.

Mr. Swank was nominated by Mr. Aufderheide.

Mr. Mitchell was nominated by Mr. Clift.

It was moved by Mr. Kauffman that the nomination be closed and that Mr. Swank and Mr. Mitchell be declared duly elected alternates to the National Convention.

Mr. Hurie announced that Logansport cordially invited the managers to hold their next meeting (semi-annual meeting this fall) to take place there.

It was moved by Mr. Farrington that the Semi-Annual Convention accept the invitation to go to Logansport this coming fall. Motion seconded by Mr. Aufderheide and carried.

It was suggested by Mr. Broughman that it be the sense of this meeting that it be left to the Secretary to put into the records of this convention as much as he thought would be of interest to the membership.

It was the sense of the convention that the report of the convention should be mimeographed and sent out to the members.

Mr. Thompson: It occurs to me, at the closing hour of this meeting here, that we extend to the members of the Indianapolis Association and those who have worked with them, our thanks for this wonderful State Convention.

It has been my privilege to attend every State Convention since the formation of the State Association and two National Conventions. I believe I can speak for the body, as a whole, when I say that this convention, not only from the standpoint of the good we have derived from our mutual association benefits, but from the standpoint of the entertainment afforded us, has been a most wonderful success in every way.

I think it would be fitting for us members, from the outside, who have enjoyed this wonderful hospitality, to show our appreciation to those who worked so faithfully and well in bringing about this wonderful convention and delightful banquet, by a rising vote of thanks.

A rising vote of thanks was then given.

Dr. Mueller read the following extract and commented on this situation.

"I hope that some day we will have perfected credit organizations in all cities in which you have branches and that these branches will be active members of our Association. I feel that an organization such as yours, is in position to give them a larger amount of the business, in the way of settling accounts of persons who are not in position to pay the debt off at once. We have contemplated perfecting a loan system of our own and some day this, no doubt, will be considered a feature of the National Organization, unless independent loan companies go after this particular class of business."

Mr. Thompson: I have been very much interested in Dr. Mueller's talk on this Credit Rating proposition. Our situation at Shelbyville was identical with the Danville situation—however, not inspired by any of our local merchants. Upon questioning the young lady who has charge of the Credit Rating Bureau in Shelbyville, she had no knowledge of how Credit Rating Bureaus were handled, except through her attendance at the state meeting at Indianapolis.

It seems to me that we should take action in our own state and have a representative or representatives at the meeting of the Credit Men's Association. They are the men to whom this information goes. Quite a number of our Department Store representatives attend these meetings of credit men and it is a splendid field, in which to get our message home. Let your local merchants know that you are ready to take up his past due accounts and, through our work with the Credit Men's Associations, I think it will help greatly in eliminating this evil.

Mr. Hartz: I think there are but very few members who know the amount of work that the national body has done, in the way of the publicity. In Pennsylvania, there were twenty-one papers which published an article. I believe that in September, those who attend the National Convention will find there has been much publicity obtained by the national body, in favor of the industrial loan business.

Mr. Arnett: "The Credit World" has its effect also. By establishing contact with your Credit Associations, there is much to be gained.

Dr. Mueller: We will be thankful to any who try to do away with the propaganda in regard to the Small Loan

Law. Just request that they write to the National Secretary and he will carefully select the sort of material that ought to go to that particular person.

MR. LIGGETT: I attended the Lansing, Mich., meeting and the question came up as to how many members belonged to the national body. We got 100% at that meeting.

It was estimated that almost 100% of those present at the Indianapolis meeting, now in session, were members of the National Association.

The Executive Committee recommends that all complaints of violations and other matters which the Association is directly interested be referred to the Secretary direct before any action is taken by any company or individual. This will cause any confusion and have immediate attention.

R. F. HARTZ, *Secretary.*

OMIT STAMPS

According to the new income tax law, documentary revenue stamps were not required on promissory notes used by many of our members after July 2.

INDUSTRIAL LENDERS MUTUAL INSURANCE COMPANY

The home office of the Industrial Lenders Mutual Insurance Company, chartered 1923 in Delaware and licensed by the Insurance Commissioner of Delaware, has moved its home office to 924 Shipley Street, Wilmington, Del.

This company was organized exclusively for carrying insurances for industrial lenders and their employees, giving protection on a mutual basis at cost and operates the following departments:

Funeral benefits, $500 to $1,500 maximum; office robbery; fidelity and surety, $1,000 maximum.

JOHN BORROWED HUNDRED.

By WILLIAM G. SHEPHERD.

"Hey, Jibby! Let me borrow your baseball bat?"

"Lend me a nickel, will you, Catty? I want some candy."

"Let me take your bathing suit this afternoon, will you?"

What would Jibby Jones or Catty Atkins think of a fellow who was always trying to borrow something? What would you think of a fellow who never had anything of his own because he never took care of anything and who was always asking you to lend him something—always borrowing?

The things that belong to such fellows are always worn out or lost; their money is always gone, because it is spent.

No one has much use for that kind of a borrower.

"Don't be a borrower." How many times I've heard that advice in my lifetime; and how many times all boys hear it! "Don't borrow, don't owe anybody anything."

This is all very good; you can't beat it, as good advice about lazy borrowing. But I wish, when I was younger, that someone had told me what I'm going to try to tell you fellows in this article. I think I'd have had more possessions than I have to-day.

There are different kinds of borrowing. There is the shiftless, selfish borrowing of the fellow we've been talking about—and there's another kind.

Let's get down to this other kind.

LOANING YOUR JOHN HUNDRED.

We've been talking, in these "John Hundred" articles, about the different kinds of jobs that you can find for a hundred dollar bill to do. We've seen how a boy can put a hundred dollars, John Hundred, to work in stocks or bonds or in land or houses, and collect John Hundred's wages and put them in his own pocket.

We've been saying that the man who can give your John Hundred a good, safe job, with a fair salary, is a man worth knowing. But I want to ask you a question about this man.

Isn't he really borrowing your John Hundred from you?

He is, as sure as you live, if you stop to think of it.

He's using your money to help run a railroad or to keep a factory going or to do any number of things, depending upon the kind of a job he's given to your John Hundred.

It's your money he's using; and he may be using the money of thousands of people—all, practically, borrowed money.

Now, there's a difference between his kind of borrowing and the "cheap-skate" borrowing of the fellow who never has anything.

The man who borrows, not because he hasn't anything himself, but because he wants to DO something in a good, sound business way, with other people's money, is a public benefactor; he's the very opposite of the "cheap-skate."

Sensible people who have a John Hundred to put to work are always looking for some man who wants to borrow the use of their money for a good, safe, business purpose.

PLAIN, STRAIGHT BUSINESS.

In this kind of borrowing, there is no sentiment or friendship; the business man who borrows must always pay you for the use of your money; it's a straight-out business proposition. He doesn't have to thank you for lending him the money any more than you have to thank a landlord for letting you live in his house. He pays you your interest just as you pay the landlord his rent. You didn't lend the business man your money primarily because you felt friendly to him, or because you liked the looks of his face; you lent him the money because you thought he was a good, safe man who would give your John Hundred a good, safe, paying job. You were only businesslike in the whole deal.

You know there are still some countries in this world where folks take off their hats when they go into a bank. Some years ago, in a little country in Europe, I went into a bank to draw some money. My check was good; all the bank had to do was to take the paper and give me the money; what's more, the bank was going to make a good profit on cashing the check. A man dressed up something like a policeman came up to me in the lobby and asked me to take off my hat. Though he spoke in a foreign tongue, I could understand what he meant; I saw that all the other bank visitors had removed their hats. Of course, I took off mine; it's only fair, I've always thought, when you're traveling in another fellow's country, to be decent enough to follow the customs of that country; in fact, you look like an impolite fool, if you don't. So off went my hat. But the people in that old-fashioned little country don't know as much about banks and banking as we do in America; really, they're afraid of bankers.

Nobody takes off his hat in a bank lobby in the United States. Courtesy, of course, makes business of any sort pleasanter. But no sensible American banker expects you to kow-tow to him, or to be afraid of him. He couldn't talk bed-rock business with a person who felt that way toward him; and lending money is a business deal. When you deposit money in a bank, you are really lending it to the bank; the banker will use it in various business enterprises. And when a bank lends money to you it does it, not as a favor, but because it is sure that you will return the money, with interest. A banker who loaned money on any other basis—say, simply because he liked you—would soon go to smash.

LOOK AHEAD, THOUGH.

If you, as a young fellow possibly not yet of age, want to borrow money, you must be ready to show the banker or other prospective lender that he won't lose anything. If you can't offer real estate or stocks or bonds as security, you may, in some cases, be able to get a loan on your good name. But don't expect this unless your past record shows marked integrity and ability—something actually done and done right—and your future shows definite promise.

Moreover, before you ask for a loan—to further a business enterprise, or help you get an education, or for any other purpose—figure out just how much money your best brand of common sense will let you ask for; how you'll meet your interest payments; and how you can guard the lender or your parents, if you are under age, against loss in case of your unexpected sickness or death. If you can't work out satisfactory answers to all these problems, you shouldn't ask for the loan, and you're out of luck if you get it.

But if you can work out the right solutions to these problems, after you get the loan, you can look straight into the eyes of the man who gave it to you and have no hang-dog feeling of being a "cheap-skate debtor;" he has acceptable security for the loan, and you are paying him for the use of the money.

Using the other fellow's John Hundred in an honest, businesslike way, is an honorable form of borrowing. All business throughout the world is done by means of borrowing; this borrowing is made possible by means of our credit system whereby every fellow's business standing is more or less well known in the business world. In fact, there are big books printed in the United States and Canada every year, something like city directories, only they cover the whole country, showing how much credit can safely be given to any business man. In these books every business man is named and "rated."

No boy can really succeed in business until he knows the difference between the "cheap-skate" borrowing which our fathers and mothers warn us against, and the other kind of borrowing which really means finding good jobs for other people's John Hundreds.

A young man who wants to go into business must not be afraid to borrow, in the right way. Indeed, if he shows great ability, he will find that people will hunt him out and try to LEND money to him, begging him to give their John Hundreds a good job.

One Man Who Used Other People's Money.

Let me tell you about a certain young fellow—he is dead and gone now, after a long life of most successful building—who was willing to take the responsibility of using other people's money; who wasn't afraid to borrow, at the right time.

He lived in a city in the Northwest. His name was James J. Hill.

For thousands of miles to the west from where he lived there stretched millions of acres of rich farming country; but there was no use of farmers' settling there until a railroad was put in.

But who would put in the railroad? Everyone knew it ought to be laid. Everyone knew that, as soon as it was laid, farmers would begin to settle in the rich country and raise great crops which the railroad would carry to market at great profit. But who would build it? Who would take the responsibility?

"I'll do it," said James J. Hill to himself. And then he began saying to other people quietly: "I'm going to start building a railroad through the great Northwest clear to the Pacific Coast. Will you put some of your money into the business?"

In return for the money—when he got it, and it came pretty slowly at first—he gave the lenders stocks or bonds.

With this borrowed money he started to build the railroad; with borrowed money he finished it. This railroad has added millions of dollars to your country's wealth. Of course, Hill became, ultimately, a multi-millionaire.

Just as soon as people saw that the railroad was going to pay, and that James J. Hill could be trusted as an empire builder, he didn't have to ask people to lend him money. They piled over each other to get him to take their money and use it. At first, some of them may have felt they were doing him a favor to lend him money; but at last they felt he was doing them a favor to borrow their money and use it in a high-salaried railroad job, paying them good safe wages.

Be Sure First—Then Not Afraid.

The world is looking for young men, like James J. Hill, who are not afraid to step out from the crowd and say, "I'll take this job on my shoulders."

The job may be only running a lemonade stand at a baseball game on a hot day. It may be starting a store in a neighborhood where one is needed, or starting a farm.

Not long ago, two boys saw that their small town needed an auto repair shop. Because they had a practical plan for starting one, were known as good workers, and could show money they had saved, they were able to borrow seventy-five dollars to add to their savings. They bought the equipment needed and set up business. Soon they found a dealer willing to establish credit relations with them—more borrowing on the boys' part. But the lender has security and is being paid for the use of his money. And the boys are giving the public good service and making good money.

Any young man who is not afraid to start, and who KNOWS, in his own heart, that he is able to use, wisely and profitably, not only his own John Hundreds, but other people's John Hundreds as well, need not think of himself as a shameless borrower and a shiftless debtor.

If he succeeds, he will have plenty of people coming to him and saying, "You have proved to the world that you can give my money a good job. Please borrow my money and use it."

And when that comes to pass, it will be the borrower and not the lender who will be doing the favor.

So don't be afraid to borrow—if you're sure that you're borrowing in the right way—for a safe purpose and with good, sound, business motives. And don't be afraid to go to some reputable banker to ask about such a loan; I've never yet met a good banker who wouldn't be willing to talk bed-rock common sense with a young fellow starting out in life; bankers are always looking for "comers."

If you borrow rightly and use rightly what you borrow, the world will not condemn you; it will thank and praise you. —*The American Boy, July, 1924.*

PRINCIPLES OF BUSINESS CONDUCT.

The function of business is to provide for the material needs of mankind, and to increase the wealth of the world and the value and happiness of life. In order to perform its function it must offer sufficient opportunity for gain to compensate individuals who assume its risks, but the motives which lead individuals to engage in business are not to be confused with the function of business itself. When business enterprise is successfully carried on with constant and efficient endeavor to reduce the costs of production and distribution, to improve the quality of its products, and to give fair treatment to customers, capital, management, and labor, it renders public service of the highest value.

We believe the expression of principles drawn from these fundamental truths will furnish practical guides for the conduct of business as a whole and for each individual enterprise.

I.

The Foundation of business is confidence, which springs from integrity, fair dealing, efficient service, and mutual benefit.

II.

The Reward of business for service rendered is a fair profit plus a safe reserve, commensurate with risks involved and foresight exercised.

III.

Equitable Consideration is due in business alike to capital, management, employees, and the public.

IV.

Knowledge—thorough and specific—and unceasing study of the facts and forces affecting a business enterprise are essential to a lasting individual success and to efficient service to the public.

V.

Permanency and continuity of service are basic aims of business, that knowledge gained may be fully utilized, confidence established and efficiency increased.

VI.

Obligations to itself and society prompt business unceasingly to strive toward continuity of operation, bettering conditions of employment, and increasing the efficiency and opportunities of individual employees.

VII.

Contracts and undertakings, written or oral, are to be performed in letter and in spirit. Changed conditions do not justify their cancellation without mutual consent.

VIII.

Representation of goods and service should be truthfully made and scrupulously fulfilled.

IX.

Waste in any form,—of capital, labor, services, materials, or natural resources,—is intolerable and constant effort will be made toward its elimination.

X.

Excesses of every nature,—inflation of credit, over-expansion, over-buying, over-stimulation of sales,—which create artificial conditions and produce crises and depressions are condemned.

XI.

Unfair Competition, embracing all acts characterized by bad faith, deception, fraud, or oppression, including commercial bribery, is wasteful, despicable, and a public wrong. Business will rely for its success on the excellence of its own service.

XII.

Controversies will, where possible, be adjusted by voluntary agreement or impartial arbitration.

XIII.

Corporate Forms do not absolve from or alter the moral obligations of individuals. Responsibilities will be as courageously and conscientiously discharged by those acting in representative capacities as when acting for themselves.

XIV.

Lawful Co-operation among business men and useful business organizations in support of these principles of business conduct is commended.

XV.

Business should render restrictive legislation unnecessary through so conducting itself as to deserve and inspire public confidence.

The above "Principles" were unanimously adopted by the U. S. Chamber of Commerce at its annual meeting in Cleveland in May this year. It is hoped that each member organization of the National Chamber will take similar action. This matter will come up at our National Convention in Baltimore in September.

ACCUSED OF THREATENING DEBTORS THROUGH MAIL

Members of Chain Clothing Concern in South Placed Under $5,000 Bail Each

(By the Associated Press)

New Orleans, July 8.—Charges of violation of the postal regulations in mailing alleged "threatening, defamatory or libelous dunning letters" have been filed here against Askin & Marine Company, a chain concern operating 40 clothing stores in various parts of the country, Federal officials announced to-day.

Local representatives of the concern—L. J. Cunningham, manager, and I. Heyman, credit manager—are at liberty under $5,000 bond. The others against whom the complaint was filed are Sam Askin, owner and president; C. L. Foster, general manager, and F. J. Welch, superintendent of accountants, all of New York.

CREDIT SERVICE EXCHANGE

The question of the right kind of co-operation between Loan Managers and Retail Credit Managers to my mind is one of the outstanding "things to be attained," and I fear that I may not be able to put the message over as it should be however I am willing to do the best I can.

Mr. Steimle and myself feel highly gratified over the results already apparent as the results of our meeting with the Retail Credit Managers, April 14th. In the first place we have won the confidence and respect of about all the Credit Managers in Atlanta which in itself is a big asset. It is surprising to find out how little Credit Managers know about our business and I believe there is a big field of endeavor on the part of all Loan agencies, associations and such to see to it that the Credit Managers are told the plain simple truth as to what good the legitimate lenders are doing for their communities.

Mr. Gilbert, Manager of the Credit Service Exchange which is the local reporting branch of the Retail Credit Association has sent out one hundred and fifty-six letters like the enclosed to loan companies in Atlanta representing the Morris Plan, Salary Buyers, as well as ourselves. If we succeed in putting it over it will be a big thing for all of us.

A. B. MADISON.

We have had the impression for some time that the Industrial Lenders of the city should have a central clearance bureau through which to clear their applications. Such a bureau should conform to the demands made upon it and be operated solely for its constituents.

The Credit Service Exchange is in a logical position to promote and handle such work at a minimum cost. We believe that such information must be concentrated to be effective.

If you are interested in starting something of this kind, please sign and return the enclosed card. A meeting will be called later to work out the plans.

Yours truly,
L. S. GILBERT, *Manager,*
Atlanta Credit Service Exchange.

MAKING CREDIT AVAILABLE FOR ALL

The booklet prepared by H. F. Woods, the publicity expert and approved for general circulation by the National Executive Committee is about ready for distribution. R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis is now taking orders at the following prices: $12 per thousand, $3 extra for first thousand and $2 each additional thousand if name of company is to be imprinted. If 100,000 copies are ordered the price will be $10 per thousand and $3 extra for imprint.

You can hand this booklet to your customers or the public in general and if they will read it they are bound to be convinced that the small loan business is necessary and where regulated by law is as respectable as commercial banking. The difference between banking and industrial lending as well the rates each charge for their services is clearly explained. This is just the story that we have wanted to give to the public long ago. It will be indespensable in legislative and judicial matters. A wide distribution of the booklet in every community is recommended by the National Executive Committee.

ILLINOIS

My attention was called to-day to a recent Supreme Court decision, in this state, that will be of interest to our members.

It is the case of Benj. H. Ehrlich, Appellant, vs Garfield D. Chapple, Appellee, in the 311 Illinois Supreme. A statute was put upon the books about four years ago making a mechanic lien upon an automobile superior to that of a mortgage and in this case the County and Appellate Courts upheld the statute, but the Supreme Court reversed the case and then denied a rehearing of same, holding the statute, insofar as it affected the holder of a previous chattel mortgage, properly acknowledged and recorded, null and void.

It would seem as if we ought to call the attention of our members to this decision, for we will have no regular meeting of any consequence until October.

F. E. TYSON.

GEORGIA

The newspaper publicity campaign similar to that conducted in Indiana last year goes on at regular intervals. It has been supplemented by a five inch double column advertisement in *Fulton County Daily Reporter* which is being run every day.

A bill has been introduced in the legislature purporting to reduce the rate allowed by the Georgia Small Loan Law to 2½% per month.

SOME PROMINENT MEN

With our June issue we sent a copy of the blooklet entitled, "Some Prominent Men on the Necessity for Industrial Banking" being a compilation of the views of men in the public eye on the industrial loan business as a necessary public service. Additional single copies can be had upon application to the National Secretary at ten cents per copy. In hundred lots less than a thousand they will be supplied at five cents per copy. In lots of one thousand or more they will be furnished at two cents per copy. To date some 21,000 of the first edition have been distributed.

THANK YOU

This is intended to be an expression of appreciation from the National Executive Committee for those members who have responded so promptly in remitting their dues in advance to help meet the obligations upon the National Treasury. We hope the members who have not yet given this matter their attention will do so in the near future. We hope to see all members in good standing when the National Convention takes place.

LOAN MEN HONOR ARTHUR H. HAM

Portland, Me., June 21.—Arthur H. Ham of New York was re-elected chairman of the National Federation of Remedial Loan Associations in convention here yesterday.

Break economic law for political reasons or to favor certain groups at the expense of the majority, and you create a situation that is going to aggravate things rather than settle them.

If one element in business can do a thing better than another and perform a service of equal or greater worth to the people at a lower price, then that is the element that is going to prevail.—*Printers Ink.*

WOULD GRANT MARRIED WOMEN TIME TO PAY BILLS

Retail Credit Men Also Urged to go Slow on Attempting to Collect by Phone

(By the Associated Press)

New York, June 18.—A married woman should be given time to pay her bills before her husband is notified of the debt, William T. Snider, president of the Retail Credit Men's National Association, declared to-day in leading a discussion on the question at the annual convention of the association. Another bit of advice offered the convention was to "go easy" in the matter of attempting collection of delinquent bills by telephone.

"There may be company in the house or a conference in the office," it was said.

THE FRIENDLY PLEDGEE

He has a system that is true
To his psychology;
He once may make a loan to you
Without security,
But next time you to him apply
You must have more, you vow.
"We will arrange it," he'll reply,
"Just pledge your team and cow."

You go to him another day,
And seek to raise your loan,
Because the interest, sad to say,
Has very robust grown.
"The case is very plain," says he,
"We'll fix it up right now,"
And then he adds nonchalantly,
"We'll pledge your pigs and sow."

Still more that pesky interest
Does other interest breed,
As if it be by Satan pressed
To raise up wicked seed.
Again you seek that loan man shrewd
And ask to raise your note.
"Ah, that's all right; we'll just include
Old Dob and Billy Goat."

As time goes on, with interest due
And growing more and more,
You add unto your witch's brew
Goods, chattels, things galore;
Your furniture, the baby's toys,
Prospective crops,* a sledge,
And almost all your household joys
You to that loanman pledge.

One day you get a cold, crisp call
To come and pay your bill,
Or else give up the goods and all
That does your mortgage fill.
You have no money left at all,
Your goods are all in hock,
And so that man away does haul
Your chattels, wares and stock.

Now I am very glad to add,
Since it will ease your mind,
That though this rhyme is very bad,
Its end is very kind,
The law of compensation
Squares many ills of life,
And hence your consolation
That you are left your wife.

—*Elwood S. Jones.*

*A fact.

USURY CHARGE FAILS

Vienna.—On the ground that Vienna banks commonly charge traders 2 per cent a week, or 100 per cent a year, for loans, a Vienna money lender who had charged a poor couple 140 per cent was acquitted in appellate court on a charge of usury. The judges agreed that if he were to be convicted, few banks could evade prosecution.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. IX, No. 2. AUGUST, 1924. Price $1.00 a year.

WE ARE BUSY

Yes friends, we are busy and we are determined that you will long remember the TENTH ANNUAL CONVENTION OF LENDERS.

Yes, it has been ten short years since first we met in National Convention, ten years of progress and co-operation, each year more wonderful than the last until to-day we stand united as one throughout our great country.

Our Tenth Annual Convention will be rich with education, for many important things of interest to Lenders have happened in one place or another since last we met, and too many things of importance are yet to be accomplished.

We again remind you that you will be welcomed by our Mayor, addressed by Honorable Albert C. Ritchie our Governor, and by Judge Russell of the Supreme Court of Georgia, known as the best loved person in that good old Southern State.

We have so many, many things to tell you about that it is impossible to put them in print. Just make up your mind that yourself and wife will be present at the Tenth Annual Convention, September 24, 25, 26, and 27.

At Baltimore

H. T. Mattingly,

Chairman of the Publicity Committee.

RE HOTEL RATES

This letter was addressed to all members but applies to all others who may be interested:—

"I am very pleased indeed to advise you that we have been selected as Headquarters for the American Industrial Lenders Association Convention, which is to be held in our City September 24th-27th, inclusive, 1924, and take advantage of this opportunity to extend to you a cordial invitation to attend this Convention and endeavor to make your headquarters at the Southern Hotel during your stay in Baltimore.

"In view of the fact that our capacity is limited, naturally we shall not be able to take care of all the delegates, but as we desire to take care of as many as possible, we will ask you to co-operate with us by making your reservations as early as possible, direct to the Management of the Southern, and in the event we are unable to accommodate you, we shall be able to advise you in ample time, so that you will have the opportunity of making reservations elsewhere.

"Anticipating the pleasure of having you with us, and hoping that you will have a pleasant stay in our city during this Convention, when we assure you that it will be our pleasure to serve you, we are"

Cordially yours,
The Southern Hotel,
O. G. Clements,
Assistant Manager.

Reservations will be held until 8 P. M. unless special arrangements are made for a later hour.

The Southern Hotel stands on the site on which once stood the famous Old Fountain Inn of Colonial days where General George Washington and his staff were entertained. It was one of the best known hostelries in this part of the Country and remained a land-mark until 1871. The following year the Carrollton Hotel was erected on the site, being quite up-to-date for the times and named after Charles Carroll of Carrollton, the last survivor of the Signers of the Declaration of Independence. The Carrollton Hotel was destroyed in the great Baltimore fire of 1904.

RATES

Single Room with Shower Bath, $3.00 & $4.00 per day.

Double Room with Shower Bath, $5.00 & $6.00 per day Double Bed.

Double Room with Shower Bath, $6.50 per day Twin Beds.

Single Room with Tub Bath, $5.00 & $6.00 per day.

Double Room with Tub Bath, $7.00 & $8.00 per day Double Bed.

Double Room with Tub Bath, $7.50 per day Twin Beds.

Sample Room, Bed Room and Tub Bath $7.00 & $8.00 per day.

Suites: Parlor, Bed Room and Bath $11.00 per day for one person.

Suites: Parlor, Bed Room and Bath $15.00 per day for two persons.

TENTATIVE PROGRAM

Tuesday, September 23

Registration, Southern Hotel

Wednesday, September 24

9:30 A. M.

Call to Order by the National Chairman. Meet Your Neighbor, C. G. Mueller.

Invocation, Rev. J. N. Stewart.

Address of Welcome, Howard W. Jackson, Mayor of Baltimore.

Address of Welcome in Behalf of the Local Members, Howard Bryant, Esq.

Response and Address by the National Chairman, C. G. Mueller.

Report of the Membership Committee, T. J. Harrison.

Report of the Committee on Legislation, C. H. Watts.

Report of the Law Committee, F. R. Hubachek, Esq.

Report of the Publicity Committee, R. F. Hartz.

Report of the Finance Committee, W. P. Woll.

Report of the National Treasurer and Auditing Committee, W. A. Zumpfe, W. E. Pool.

Report of the National Secretary, G. W. Kehr.

Report of the Special Committees.

Wednesday, September 24

12:15 P. M.

Convention Luncheon at The Southern Hotel

Speakers: A. S. Goldsborough, Executive Secretary, Baltimore Association of Commerce; Lafayette Temple, Esq.

2:15 P. M.

The Year's Progress and the Uniform Law, Walter S. Hilborn, Esq., Acting Director, Division of Remedial Loans, Russell Sage Foundation, New York City.

Industrial Loan Personnel of To-day, A. G. Zimmerman, Eastern Supervisor, Beneficial Loan Society.

Sight-seeing or amusements of your own choice. For information consult E. E. Hougham, Chairman Entertainment Committee.

Thursday, September 25

9 A. M.

Value and Progress of Credit Exchange Bureaus, Arthur L. Wick, Supervisor, Peoples Finance Service Co., and Household Finance Service Co., Philadelphia, Pa.

Value of and How to Bring About Co-operation Between Industrial Loans Managers and Retail Credit Men, A. B. Madison, Manager, The Master Loan Service Inc., Atlanta, Ga.

How Industrial Lenders can Assist the Retail Credit Man, David J. Woodlock, Secretary-Treasurer, The Retail Credit Men's National Association, St. Louis, Mo.

Business Conduct that Reacts to the Detriment of the Small Loan Business, L. E. Pope, Chairman Virginia Association, Richmond, Va.

(Subject to be selected,) Alan K. Dolliver, Southern Supervisor, Beneficial Loan Society.

10:30 A. M. Sight-seeing and entertainment for the ladies. See E. E. Hougham.

Thursday, September 25

2 P. M.

Office Personnel, Z. B. Applegate,

INDUSTRIAL LENDERS NEWS

Established 1916.

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1923-1924.

Chairman, C. G. Mueller, 305 Flanders Bldg., Philadelphia.

Treasurer, W. A. Zumpfe, 701 Odd Fellows Bldg., Indianapolis, Ind.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—F. E. Stroup, 507 Commercial Bank Bldg., Grand Rapids.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—W. S. Herron, 404 Denkla Bldg., Philadelphia.
R. I.—G. E. Rich, 228 Main St., Pawtucket.
Va.—L. E. Pope, 206 E. Grace St., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Auditing, W. E. Pool, 63 Court St., Boston.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.

Md.—H. C. Moore, 2 East Lexington St., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—E. I. McCuen, 417 Rogers Bldg., Jackson.

N. J.—P. L. Alberse, Romaine Bldg., Paterson.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.

R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Manager, Guarantee Loan Co., Philadelphia, Pa.

My Particular Idea of Standardizing the Business of Making Small Loans, J. W. Markeim, Auditor, Community Finance Service, Inc., Philadelphia, Pa.

Perseverance Plus Ambition, Lee H. Pumphrey, Vice-President, Master Loan Service, Baltimore, Md.

7 P. M.

Convention Banquet Southern Hotel
Speakers: Honorable Albert C. Ritchie, Governor of Maryland; Honorable Phillips Lee Goldsborough, President, National Union Bank, Baltimore; Honorable Richard B. Russell, Chief Justice, Supreme Court of Georgia.

Dance

FRIDAY, SEPTEMBER 26

Business for the day will be conducted on one of the palatial steamers of the Old Bay Line and will include a cruise down the Chesapeake Bay, going past the beautiful Federal Hill, Fort Howard and many industrial plants of the City. The course will take us past the Bethlehem Steel Works, Sparrow's Point and on to historic old Annapolis where we will visit the United States Naval Academy. Luncheon and dinner will be served aboard ship. Taxis furnished by the Association will be at the Hotel door for trip to boat at 9:30 A. M. Boat leaves 10 A. M. Pratt Street Wharf. Entertainment for ladies will be provided while business sessions are in progress.

Reports from State Association Secretaries and others, relative to the practice of collecting foreign accounts, and the advisability of uniform papers in each state.

Reports from Iowa and Ohio, and general discussion, on The disposition of lenders who use various schemes, particularly insurance, to conceal the rate at which loans are actually made, Led by Messrs. Harrison and Dyer.

Report of the Committee on The Code of Ethics, J. H. Dyer, Chairman.

General Discussion, Shall "Principles of Business Conduct" unanimously adopted by the Chamber of Commerce of the United States, be accepted and adopted? Various Means of Educating Public Opinion to the Necessity of the Small Loan Business and an Equitable Rate.

Report of the Georgia Publicity Campaign, E. M. Steimle, Secretary Georgia Assn.

Progress of the Survey of the Small Loan Business, Louis N. Robinson, Ph. D., Swarthmore, Pa.

Unfinished Business.

New Business.

Nomination and Election of Officers and Chairmen of Standing Committees.

Announcement of the State that Wins the Attendance Trophy.

SATURDAY, SEPTEMBER 27

Southern Hotel, 9 A. M.

Reports of the Committee on Uniform State Reports, L. C. Harbison, Chairman.

Reports from other Special Committees.

Subjects for general discussion to be selected.

SPECIAL COMMITTEES

We are pleased to report that the following committees have been appointed by the National Chairman and are requested to report at the National Convention:—

Committee on Agencies Supporting our Loan Legislation, Chairman, C. H. Watts, Philadelphia.

Committee on Retail Merchants Bureau, Chairman, A. L. Wick, Philadelphia.

Committee on Code of Ethics, Chairman, Judge J. H. Dyer, Columbus; C. H. Stratton, R. M. Rutherford, T. J. Schoonover.

Committee on Relations with Borrowing Public, Chairman, H. T. Mattingly, Baltimore.

Committee on Relations of Lenders with their Competitors, Chairman, A. C. Broughman, Marion, Ind.

Committee on Relations with Licensing Officials, Chairman, L. C. Harbison, Chicago.

Committee on Relations between Lenders and their Employees, Chairman, William Young, Philadelphia.

Committee on Retail Credit Mens Nat'l. Association, Chairman, Col. Clarence Hodson; G. W. Kehr, Secretary, Woll, Farrington and Madison, Committee Members.

There is still the Committee on Radio Publicity to be considered, pending the result of the ballot recently sent out by the National Secretary to members of the "A. A." Executive Committee, which contained, in substance, (1) desirability, (2) expense limitations.

CONSTITUTIONAL CHANGES SUGGESTED

It is possible propositions will be made at the National Convention, to change the method of collecting national organization dues and to add to the existing standing committees, one on "Relations with State Associations" and another on "Unfair Competition."

MISSOURI

A preliminary meeting has been held to organize a state association of industrial lenders in the State of Missouri for the purposes similar to other existing state associations but particularly to coöperate with other agencies bent upon improving small loan conditions in that state.

It is expected that another meeting will be held the latter part of September when officers will be elected and a constitution and by-laws adopted.

Missouri is a great and big state with a number of important cities and industries. Its needs for small loan service is no less than elsewhere. The wonder is that its legislators have been so slow to adopt the legislation which has proved so effective in some twenty other states. The slogan now is: "Missouri for the Uniform Small Loan Law in 1925."

MAINE AND NEW HAMPSHIRE

Messrs. Mueller, Watts, Hodson, Kehr, Young and Wick have been working for some time to arouse interest in the organization of state associations in Maine and New Hampshire and plans are now made which if successful will result in two more state associations to be added to the roll of regulated states.

Messrs. Young and Wick have volunteered to do some personal missionary work on the ground which is to be followed by organization meetings early in September which Messrs. Mueller and Watts will attend for the purpose of starting these two babies on the right track under proper guidance.

GEORGIA

The Fourth Annual Meeting of the Georgia Lenders Association, was held in the Blue Room of the Ansley Hotel, Atlanta, Ga., at one p. m., June 25, 1924.

A very satisfying luncheon was served to ten members and two guests. Immediately after luncheon, Chairman Madison called the meeting to order and addressed the meeting, reviewing the year's work and progress of the Association.

Chairman Madison's address follows:

Three years ago the Georgia Industrial Lenders Asso. was formed with the ultimate object in view of protecting the borrower against excessive rates, and for the mutual benefit of those engaged in the legitimate field. Our Asso. has weathered several storms and it is indeed a delight to me, as Chairman of this Asso. since the beginning, to see all of the old faithful still in the ranks, with a few new faces added, and I greet you all as brothers banded together not only for our own protection, but for the benefit of the public at large. The making of small loans to-day to about 85% of the American people has truly become an economic factor in the civitan lives of all industrial centers, and year by year in all other lines of endeavor they are beginning to realize that the Industrial Lenders are serving a purpose and filling a want or need the same as other activities.

As time goes by we are awakened to the many opportunities and duties involved upon us. I do not think any of us were far seeing enough at the time of the organization of this Asso. to forsee that in the short space of three years it has become necessary to add another plank to our preamble, namely:—"to protect the members thereof from the insidious machinations of money lenders operating under a different banner than ours." And so we find that our responsibilities are enlarging, and we ought to know that only through friendly and earnest association are we able to combat, with any measure of success, with the obstacles arising.

At our National Convention, held in Louisville, Ky., last year, it was advocated that we reduce the National Asso. dues from $100 to $10 per year, and one of the main arguments advanced for the reduction was that we had some $30,000 odd in the treasury and they did not know what to do with all the money. I am glad to say it was voted down and they collect $100 per member per year. But they found out what to do with the $30,000, and they are looking for more right now, and the National Secretary has sent out a call asking each of us to pay our last half years dues right now, instead of waiting until Aug. 1st, when they are due, (and let me say here that I do not believe there is a man present but what will cheerfully accede to the National Secretary's request.)

What became of this $30,000 that we did not know what to do with last Sept? An attack was made upon the 3½% lenders in several states of the Union, and the money was all used for legitimate purposes, for attorneys fees, and in legislative matters, to protect ourselves from just what I suggested in the extra plank I would incorporate in our platform.

To-day, the very day we selected for our fourth annual meeting, the Georgia Legislature (an annual affair with Georgians) convenes. How do we know but that at this session the foes from without and the enemies from within will introduce bills which will be a menace to our business, and, gentlemen, it behooves every one of us to stick together, and to keep our ears to the ground to hear the approach of the enemy. We may be called upon before the summer is over to donate, and to donate handsomely, to our Asso. chest, and let every man be ready and willing to come across without a grumble. This is your business, not mine, and it is up to you to see that you look after your business. Just what has happened in several states the past year ought to be a warning to each of us to be prepared to fight to the last ditch, and so, gentlemen, if anything should happen that it would take some money to protect ourselves, let us at least try to be cheerful in the giving, and to realize that it is a problem to meet squarely and fairly.

Regarding the better understanding between loan managers and credit managers at large, I believe your Asso. has been successful in bringing about a better understanding between all credit managers, to the point in view that all of us can more readily get information from any credit manager in Atlanta than heretofore. The credit managers have been made to realize that they themselves will reap much more benefit by co-operating with the loan agencies in the exchange of credit experiences, and they now realize that the hundreds of thousands of dollars which are loaned out by the local loan agencies find their way into their cash tills and help them to have more A-1 customers on their books because of the very fact that there are reputable loan agencies in the community.

When we step out of our own little place and commence to look at our business from the other fellow's view, thats when we begin to find out something about ourselves. This we discovered when we met with the associated retail credit men of Atlanta, to promulgate a better understanding among all credit managers. We found out that it was really necessary in order to perfect an efficient credit exchange with the other credit houses of Atlanta, that we were almost duty bound to form among the different classifications of the loan business in Atlanta an exchange bureau, whereby we would know to what extent a man was doubled up. As soon as we were aware of this fact, your secretary and I got busy on the proposition of a credit bureau, whereby there would be a checking up of all applicants for a loan, whether new or a renewal, among all three classifications of lenders, namely 3½%, the so-called Morris Plan and the salary buyers. By doing this clearing among ourselves we would then be in a position to properly co-operate with the credit managers of Atlanta in the exchange of credit experience. We have met, we believe, with a marked degree of success in bringing about this bureau, and our Secretary has with him to-day membership blanks for a tentative organization, and I trust every one present will sign up and put his shoulder to the wheel and help out. Mr. Patterson, of the 8% loan companies, assures us that he can get most of his class to join. The salary buyers have deferred joining until after the Legislature adjourns. Whatever their reason for the delay remains to be seen, and all we can do is to draw upon our imaginations. The merchant does not give a picayune whether the man he is trying to get information on owes us, the Morris Plan or the salary buyer, as he makes no distinction, but he does care as to how heavily he is involved, and unless all the different classes of loan agencies clear, we cannot expect to perfect an exchange of credit experiences with ourselves or anybody else. Fellows, I want you to sign on the dotted line. Lets get this started and the rest will be glad to come in eventually. It will be the biggest thing that has ever happened anywhere for the promotion of good feeling and fellowship, not only among the loan men, but with the other credit managers as well.

In starting out on the fourth year of our Asso. let every man resolve to do his part, and if any member of this Asso. thinks that the officers are running it for their own benefit, just let him offer himself for any one of the offices which will be voted upon to-day, and he will not be disappointed. Lets lay aside skepticism, and distrust and envy. Lets be big enough men to work out our own salvation, to overlook petty grievances, and to do the right thing at the right time.

Minutes of the last previous meeting were read. It was moved by Mr. Snyder, properly seconded, that they be approved as read. Roll call was dispensed with by order of the Chairman.

Report of Standing Committee

The Secretary reported Fifty-Four Dollars Forty-Nine Cents ($54.49) for the treasury, with all bills to date paid.

Nomination and Election of Officers

For the nominating committee Mr. Adair offered the same officers and executive committee as of the past year: Mr. A. B. Madison, Chairman; Mr. Henry Sharp, Vice Chairman; Mr. E. M. Steimle, Secretary & Treasurer.

The Executive Committee: Mr. A. B. Madison, Mr. Henry Sharp, Mr. E. M. Steimle, Mr. F. B. Snyder, Mr. B. L. Lassiter.

Mr. Steimle was also nominated as a delegate to attend the National Convention to be held in Baltimore September 24th to September 27th, 1924, and that the Association allow him $125.00 for expenses. Upon motion of Mr. Davis, seconded by Mr. Sharp, all nominations were closed, one ballot cast, and nominees elected unanimously.

Report of Publicity Committee

Mr. Steimle reported that he was able through Mr. Turner, Manager of the Guarantee Loan Company, of Savannah, to have published in both Savannah papers the National Publicity Articles. The Atlanta papers promised to publish but did not. Mr. Parks Rusk, former star Constitution reporter, but now connected with the Biltmore as publicity man, was our guest. He was called upon for a few remarks regarding newspaper publicity. He stated in part that the main reason why newspapers did not publish most articles submitted to them was because they did not have time to rewrite the article sent them, that they could not allot the space for the article as originally written, and that there was such a demand for space for this publicity matter that they found it necessary to turn down at least two thirds of the articles sent them. He stated further that the papers will publish an article of reasonable length if boiled down and the salient facts set forth. Upon motion of Mr. Adair, duly seconded, Mr. Rusk was engaged as the Georgia Industrial Lenders Association's press agent, and at the discretion of the Secretary to have published such notices of meetings as he deemed advisable, at a nominal cost of Five Dollars ($5.00) for three advance notices and Ten Dollars ($10.00) for three past tense notices, and that Mr. Rusk furnish the Secretary with three clippings of each notice.

The Secretary reported some correspondence from National Secretary Kehr relative to National Association dues. After it was fully explained by the Secretary that the National Association was asking for August 1st dues to be paid a month in advance, as the National treasury was almost depleted due to heavy demands for necessary purposes, it was agreed by all members to immediately send their checks for August 1st to February 1st dues. (I wish to say that all National dues have been paid.)

New Business

Mr. Steimle suggested that the Association publicity ads which have been appearing in the three Atlanta daily papers three and four times each month, be partially or fully discontinued, and in lieu of this a standing ad of five inches, double column, appear daily in the Fulton County Daily Report, a legal and authorized publication of all court cases and legal matters, bankruptcies, etc., published each day for the benefit of the courts, lawyers and business men. Mr. Steimle went on to say that he felt that an ad in this paper would reach a greater number of men of the type who, if educated along the lines of industrial loans and the Act under which we do business, would be more beneficial to the industrial lenders, especially so among the judges and lawyers who no doubt after seeing our publicity ad daily would begin to investigate and make inquiry. It was moved by Mr. Adair, seconded by Mr. Sharp, that the Chair appoint a Special Publicity Committee and decide definitely on the matter. The Chair appointed Mr. Steimle, Mr. Lassiter and Mr. Sharp. The contemplated Lenders Bureau, to be handled by the Credit Service Exchange, was discussed at some length. Chairman Madison emphasized the fact that such an exchange must be brought about, and immediately, if the industrial loan business is to be conducted on a business-like basis, and stated further that it was impossible to continue in business without heavy losses and at the same time protect our customers. It was the consensus of opinion that we should have a clearing house, but we did not fully agree to the rules and regulations of the clearing house as set forth. The matter of charging a commission for the collection of foreign accounts was discussed. After the Secretary read some correspondence relative to the matter from the National Secretary each member present stated that they made no charge for making foreign collections, whether the companies for whom they were collecting were members of the National Association or not.

The matter of City License was next taken up. Some of our members were informed by the eight per cent lenders that the Industrial Banks City License had been cut by the City Council from Two Hundred Dollars ($200.00) per year to One Hundred Twenty Dollars ($120.00) per year, but that it did not apply to the three and a half per cent industrial lenders. There also appeared an article in the Atlanta Journal to the effect that the Industrial Banks had had their City License cut from Two Hundred Dollars ($200.00) to One Hundred Twenty Dollars ($120.00.) It was moved by Mr. Davis, duly seconded, that Mr. Madison and Mr. Steimle look into the matter.

There being no further business, after being properly moved and seconded, the meeting adjourned. The Hines bill purporting to reduce the rate of the Georgia law to 2½ per cent per month on small loans was reported from the Committee to which it was referred with an unfavorable recommendation and died with the adjournment of the legislature about the middle of this month.

E. M. Steimle,
Secretary.

OHIO

In reply to your inquiry about the Ohio Loan Association meeting at Cedar Point last month, beg to say that Mr. Anderson, our Secy., continued his vacation after the convention adjourned, by going on to Canada on an automobile trip. Therefore I suppose it is up to me to give you a short report of the high spots of this convention.

We were fortunate this year in having as our special guest, Congressman Begg of Sandusky, Ohio, as one of our speakers. He certainly gave us one of the best patriotic speeches any of us have had occasion to listen to in many years. Another guest was Mr. Cyrus H. Locher, state director of commerce, who is the chief over the Securities Division and consequently our supreme boss. Mr. Locher gave us a talk for about 30 minutes that was surely a pleasure to hear. He took occasion to remark that during the past year no complaint had been lodged with the department against any member of our association. He further said that most complaints lodged with his department against violators of the Lloyd Act came through our association and that in every instance such complaints were justified by the facts. He further said that the department found better results could be obtained by notifying violators to appear before the department on a certain day, rather than by sending investigators to the offices of such parties. His speech throughout was instructive and made in the spirit of cooperation with our association.

A code of ethics, prescribing a line of business conduct, was adopted after much consideration and discussion. This code will be printed in pamphlet form and copies will be distributed not only to members of our association but also to the secretaries of other associations. The executive committee was also instructed to employ legal assistance in the preparation of forms, for use in Ohio. Steps will be taken at an early date to gather data for this work and we hope to have these forms in shape to submit to the executive committee for approval.

July 24th was devoted to the managers meeting under the leadership of M. Austin Potter, of Lima, Ohio. All the managers participated in the discussions of this meeting. It was the best attended and most interesting meeting of this character our association has ever held.

We have the very great pleasure of having Dr. Mueller, chairman of the Nat. Assn., present at this meeting. A resolution was passed authorizing the executive committee to appoint five delegates to the Nat. convention to be held at Baltimore. W. W. Taylor of Sandusky, Vice President of the Nat. Assn., representing Ohio, was re-elected and directed to accept the invitation of Nat. Secy. Kehr to come early to the convention and assist with the preliminaries and also to act as one of the reception committee representing Ohio. The present executive committee and officers were re-elected for the ensuing year. Five new members were elected.

J. H. Dyer.

To Judge Dyer's account of the meeting we are pleased to add Secretary Anderson's observations.

I am sending you an account of the Tenth Annual Convention of The Ohio Loan Association at my first opportunity after arriving at my office in the hope that it may reach you in time for the August "News."

This convention, marking as it did the tenth convocation, was an especially interesting one, and like many that have gone before, we who had it in charge wondered if we had enough material to fill up three days, but after we got under way we wondered how we were going to make three days suffice for all the material we had.

The convention was opened with a get together luncheon in the main dining room of the Hotel Breakers, which was attended by about seventy members and their families and of guests, after which we repaired to the convention hall, where we were extended a warm welcome by Mr. J. F. Starkey, Traffic Manager of The Lake Shore Electric Railway Company. He interspersed his remarks with some good stories, and while we always feel at home at Cedar Point, yet his words of welcome made us feel doubly so.

The Ohio Association has pioneered in many respects, and this thing was no exception to the rule when Thomas R. Schoonover of Lima, Ohio, presented a Code of Ethics for the government of our body and our relations with each other, with customers and with employees. Copies were distributed this time and final action withheld until Friday afternoon, when with several changes and amendments, it was unanimously adopted.

This Code of Ethics is now in process of printing and will be presented in an attractive booklet form, which will also contain a complete list of the Ohio Loan Association members alphabetically arranged and classified under the different cities of the state.

We followed again this year our usual custom of devoting the better part of one day to the Managers' session, which this year was in charge of M. Austin Potter of The Lima Loan Company at Lima, Ohio. The Managers' session was a most interesting one and at times brought forth most spirited debate on the various questions of policy under discussion.

The success of this portion of the program reflected the painstaking efforts which Mr. Potter had put forth in the selection of his subjects and their assignment to various members, and he is to be congratulated upon his ability.

On Thursday afternoon we were signally honored by being addressed by the Hon. James T. Begg, member of Congress from the Thirteenth Ohio District, on the subject of "Modern Tendencies in Politics."

Seldom, if ever, has it been our pleasure to hear such a striking American speech filled from beginning to end with the quintessence of common sense.

Congressman Begg is one of those rare politicians who believes what he says and has the courage to say it. It is commonly rumored in Ohio that Mr. Begg is on his way to the Governor's chair or a seat in the United States Senate, and in either event we predict that he will serve the good old state of Ohio with honor and distinction.

Hon. Cyrus Locher, Head of the Department of Commerce of the State of Ohio, under which department the Lloyd Act is regulated, appeared before us on Friday and delivered an address touching the relation of our business with the public and with the department.

Among other things he made the flattering statement that no complaints had come to them against any licensee in the State of Ohio who was a member of The Ohio Loan Association.

He stressed the point that after all many of our loans are made purely on a moral risk and brought out by apt illustration the great opportunity that lies before us to assist others in realizing the importance and value of good credit.

The Executive Committee was authorized to appoint five delegates to the National Convention to be held at Baltimore, Maryland.

We want to take this opportunity to thank Bill Taylor and Ray Zimmerman of Sandusky for their splendid assistance and cooperation in perfecting the final arrangements for the convention program, and we must not forget that Mrs. Tom Carroll of Akron was unanimously selected as the most popular lady. The contest for preferment as the most handsome sheik was a spirited one, but when the ballots had all been counted it was found that Col. D. H. Pond had won in a walk. Some of the disappointed contestants had the audacity to allege that the Colonel had been securing votes by means otherwise than on his merits.

As soon as the Code of Ethics is ready for distribution we would be glad to mail copies to any of the readers of the "NEWS" who may wish same.

J. FRED ANDERSON,
Sec'y.-Treas.

The formal program was as follows:—

WEDNESDAY, JULY 23, 1924

1:00 P. M.

Get Together Luncheon, Main Dining Room, Admission by ticket.

WEDNESDAY, JULY 23, 1924

2:30 P. M.

Convention Hall, Call to Order, Address of Welcome, J. F. Starkey, Gen. Passenger Agent, Lake Shore Electric Ry; Chairman's Report, Sec'y. and Treasurer's Report, Appointment of Committees, Election of New Members. Address, Ethics of The Loan Business, Thos. R. Schoonover, Lima, Ohio; Discussion.

WEDNESDAY EVENING

8:30 P. M.

Annual Association Dance, South Side Dance Hall, Prize for Best Couple.

THURSDAY, JULY 24

9 A. M.

Annual Managers Meeting, M. Austin Potter, Lima Loan Co., Chairman.

The following subjects for discussion and speakers assigned for same have been received, as we go to press:

1 "What in Detail are the deciding factors in approving or turning down an application?" By J. J. Aldrich, Columbus, Ohio; 2 "How far should a Chattel man go in the field of automobile financing?" By Tom Carroll, Akron, Ohio; 3 "What success have you had with collection agencies in the collection of accounts?" By J. J. Duke, Canton, Ohio; 4 "Is it advisable for a Chattel company to make a loan to a customer who has a loan with a competing company, even though it is on different security?" By C. R. Duley, Columbus, Ohio; 5 "Best methods of handling checks marked 'insufficient funds?'" By W. W. Taylor, Sandusky, Ohio; 6 "Is it a good policy to allow the customer to pay the interest only and what effect does it have on the Chattel Loan business?" By Joe C. Hartline, Mansfield, Ohio; 7 "Is it possibe and legal to release part of a mortgage and how is it done?" By B. L. Thuma, Columbus, Ohio; 8 "Should the husband and wife both sign on loans?" By L. T. DeWeese, Piqua, Ohio; 9 "Is it advisable to make salary loans without other security?" By Miss Nellie McKeown, Cincinnati, Ohio; 10 "What is the general outlook for the ensuing year?" By Fred B. Hill, Columbus, Ohio; 11 "Just how do you handle bankruptcy cases?" By Edw. E. Beyers, Cincinnati, Ohio.

THURSDAY,

1 P. M., Front Parlor

Ladies' Card Party, Bridge and Five Hundred, Prize and Souvenirs.

THURSDAY, JULY 24, 1924

3:30 P. M.

Address, "Modern Tendencies in Politics," Hon. James T. Begg, Congressman 13th Ohio District.

FRIDAY, JULY 25, 1924

9:00 A. M.

Unfinished Business, Reports of Committees, Miscellaneous Business, Election of Officers, Adjournment.

PENNSYLVANIA

The regular meeting of the Pennsylvania Industrial Lenders Association was held at the Eagles Mountain Home, at Reading, Pennsylvania, at 2 P. M., on Thursday, July 10, 1924.

The meeting was called to order by Chairman W. S. Herron.

Forty members were present.

Report of Officers

Treasurer Ezekiel reported on hand, July 10, 1924, with all bills paid $1806.95, which on motion of Mr. Young, seconded by Mr. Lyons was approved.

Secretary Watts reported a membership of 104, 102 in good standing as of June 30, 1924. One of the delinquent members is overdue since July 1, 1923. 76 of our members are members in good standing of the American I. L. Association as of August 1, 1924. There are 220 licensed lenders in Pennsylvania.

On motion of Mr. Webster, seconded by Mr. Dobyns, this report was approved.

Report of Committees

Executive Committee Chairman Webster's report was received and on motion of Mr. Young, seconded by Mr. Kehr, was ordered spread on the minutes.

"A regular meeting of the Executive Committee of the Pennsylvania Industrial Lenders Association was held at the City Club, July 1, 1924, those present were Messrs. Watts, Hart, Ezekiel, Herron, Young, Webster and Mr. Wick.

"A communication was read from the Magistrates Association regarding advertising in a program being gotten out by them. This matter was considered from every angle and it was recommended that we do not subscribe to this publication at this time.

"The application for membership in the Pennsylvania Association of the Sun Finance Company of Uniontown, Pennsylvania, was approved, with the stipulation that Mr. Klein of Pittsburgh be contacted and if his report be favorable to accepting them as members.

Respectfully submitted,
E. B. WEBSTER,
Chairman, Executive Committee."

Publicity Committee Chairman Moore, reported through Mr. Watts, that the article covering the Reading meeting had appeared pretty generally throughout the state.

Entertainment Committee Chairman

Hart, reported that the annual meeting of the P. I. L. A. is to held in the Ball Room and Clover Room, Bellevue-Stratford Hotel, Philadelphia, December 3. On motion of Mr. Ezekiel, seconded by Mr. Webster, this date was approved.

On motion of Mr. Young, seconded by Mr. Holloway, $1,000 was authorized placed in the hands of the Chairman of the Entertainment Committee, for use for the annual meeting on December 3, 1924.

Unfinished Business

The question of dues of the Citizens Loan and Investment Company of Williamsport, was at this time considered and on recommendation of Mr. Hart, the matter was referred to the Chair and himself as a Special Committee to call upon this company.

The Chair reported on the continued effort of the Banking Department to prosecute the illegal lenders in Philadelphia. The cases are now pending before the Grand Jury.

Mr. Kehr reported on the Carroll case at Harrisburg, that is now on the trial list for October. On motion of Mr Hart, seconded by Mr. Roberts the Opinion of Deputy Attorney General, J. W. Brown, of June 4, 1924, was ordered spread on the minutes of this meeting.

June 4, 1924.

"Mr. G. H. Orth,
Chief, Bureau of Private Banks,
Harrisburg, Pa.

"Dear Sir:

"You have asked to be advised if companies licensed under the Act of June 17, 1915, P. L. 1012, known as the Small Loan Act, have the right to charge the rate interest prescribed in said Act on judgments which have been entered of record.

"If the interest to be charged is written in the judgment there is no reason why the Company, the holder of the judgment, should not collect the amount so written, if it does not exceed the amount allowed by the Act. The Legislature has fixed the rate of interest which may be charged by the Company, and this rate applies without any distinction as to the character of notes taken by the Company, whether they be plain promissory notes, judgment notes, or whether such judgments be entered of record.

"The question of the right to charge the interest allowed by the Act has been definitely decided by our Supreme Court in *Commonwealth v. Puder, 261 Pa., 129*, wherein the Court held:

"'The matter of fixing the maximum amount to be charged for the use of money rests primarily in the discretion of the Legislature and is within the police power of the State: *Griffiths v. Connecticut, 218 U. S. 563*. Statutes passed at various times by our State Legislature recognize certain business to be in a separate class and authorize as to them a departure from the regular rate of interest fixed by the general law'

"I therefore advise you that the Small Loan Companies have the right to charge the rate of interest allowed by the Act on judgments which have been entered of record.

"Yours very truly,
(SIGNED) J. W. BROWN,
"Deputy Attorney General."

The Chair has asked the attendance at the Baltimore Convention of the American Industrial Lenders Association in September, of every member and every member's business associate, in order that the splendid record of Pennsylvania may be upheld. It is the Chair's hope that we may by our own quality and quantity bring back to Pennsylvania again the largest percentage of members in attendance cup, which we have had the honor of winning on one previous occasion.

On inquiry from National Secretary Kehr, on what has been the custom of the Pennsylvania I. L. Association members, are: charge for collection on out-of-town accounts, it was unanimously proven by testimony of Messrs. Young, Wick, O'Neill, Kehr, Holloway and others, that no charge is being made for this service by our members.

On motion of Mr. Hart, seconded by Mrs. Schmidt, the following members were unanimously elected to membership—the International Loan and Finance Company, 1015 Chestnut Street, Philadelphia; Altoona Loan Association, 1003 Fifth Avenue, Altoona, and the Sun Finance Company, 420 Fayette Title and Trust Building, Uniontown.

C. H. WATTS,
Secretary.

At the luncheon and dinner, served on the broad veranda of the Eagles Mountain Home, Attorney Earl Koch of Reading and State Senator Norton, gave most interesting side-lights on the thorough understanding of this necessary business of financing the working man, and on motion of Mr. Zwalley, seconded by Mr. Holloway, a rising vote of thanks was tendered these gentlemen for their addresses.

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Providence Biltmore Hotel, Thursday, June 19, 1924.

The meeting was called to order by Chairman Rich.

Six members including guests were present.

Report of Officers

Secretary Wickstrom reported twelve members in good standing. Mr. Pomfret, Chairman of the membership committee, reported that a drive will be made for new members during the next few months.

Unfinished Business

The printing of the letterheads, envelopes and Constitution By-Laws was attended to by Mr. Wick and should have been sent us so that the members could have a copy. The printer disappointed, but we expect an immediate delivery.

On motion, properly seconded, Mr. Rich be appointed as the delegate from Rhode Island with Mr. Lovegrove as alternate to the National Convention. The amount to be allowed as expenses from the association $75.00.

On motion by Mr. Lovegrove, second by Mr. Kennon, it was ordered that the delegate be given the amount appropriated $75.00 in advance.

Mr. A. Pomfret, investigator for the National Loan Company of Pawtucket, read a paper on "Slow Chasing" which was very interesting. Moved by Mr. Kennon and seconded by Mr. Wick tha a vote of thanks be extended to him and the secretary is to forward thi paper to the Lenders News for earl publication.

J. WICKSTROM,
Secretary

CHASING SLOWS
and
Difficulties That Outside Man Has To Contend With

A. POMFRET, NATIONAL LOAN CO.,
PAWTUCKET

To the average employer or offic manager, the outside man or investigator is given credit with carrying ou his work in routine fashion; having number of applications to look up an a number of cards each day. There ar a number of managers who rarely giv this position or the man who holds it due consideration. They apparentl think that any school boy with averag mentality who can read and write Englis can take a dozen cards and work them and he often seems to forget those moments when, as an outside man, his ow mental ability was taxed to capacity using every effort in being an efficien gear in the office machinery where h was employed.

A type very often met is the slow wh responds to your knock and greets yo with the index finger to her lips almos commanding you to refrain from speaking, saying she has company and statin that she will positively appear at th office the following day; which o course the alert agent knows her purpose is to evade the object of his call but in his determination to make his cal effective, he induces the party to ste into the hall convincing her that hi mission is one of much importance an a great expense to the office, making summary of the valuable time and th high rate of carfare used when makin this call due to her negligence. Expres the full weight of your duty as an outside man and condemn her carelessnes in strong clear words so that in futur calls, if necessary, they will not be treate in lightweight fashion as your first cal should carry enough weight to impres her with the importance of the matter

This I have found to be a successfu method often making a good accoun out of a constant slow.

Another type of slow is the one wh is very convincing in promises but exceptionally poor in fulfilling them. I this case I have found it necessary t make a threat of some sort and ofte this will be ignored but I find it very effective to call at their place of employment and following up in this manne convinces them there is a foundatio to your threat and usually they wil respond with greater promptness.

We are now and then confronted with the so-called "hard boiled" type, usually the male sex with perhaps a drink o two and feeling in a nasty mood. He defies the agent in a boisterous manne and in terms not altogether gentlemanly. However, the agent's physical strength is often taxed to excess after covering many miles afoot and he realizes that hospital bills are rather high and refrains from entering in physical combat. This type may be subdued by speaking in a placating manner of something which may appeal to him and then follow up by forcing upon him the real object of your call, for if one starts out determined to make the first call effective it is more efficient to both office and agent if a few extra minutes are spent at a house leaving your party with the impression that you don't want to find it necessary to make a second call.

RE: ST. BARTHOLOMEW'S LOAN ASSN.

Dear Mr. Kehr,

Here is a clipping from he New York Times of July 29, which ought to be published, and the thing should be answered besides in the Lenders News. We know there is a great demand for loans that is unsupplied, and the experiment of St. Bartholomew P. E. Church has shown that the loan business cannot be conducted along parish or denominational lines, or as a semi charity service. The lending of money is a business to be conducted upon strictly business principles.

After the article is published, copy should be sent to the rector and manager of the loan association.

CLARENCE HODSON

ST. BARTHOLOMEW'S HAS NO NEEDY NOW

Park Avenue Church Discontinues Its Benevolent Society and Its Loan Association

BOTH OF LONG STANDING

Improved Condition of Congregation's Former Charges Credited in Part to Prohibition

Because there are so few needy persons among the 3,716 communicants of St. Bartholomew's Episcopal Church, Park Avenue and Fiftieth Street, and its chapels, both its Benevolent Society, which has been in existence thirty years, and its Loan Association, which has been in operation twenty-eight years, will be discontinued.

This announcement was made in the Year Book for 1924, copies of which were distributed at the door of the church last Sunday as worshipers left.

Under "The Loan Association" Dr. Parks wrote in part:

"What is true of the Benevolent Society is also true of the Loan Association. This was started at a time when numbers of people found it impossible to meet some unexpected economic crisis and were without the collateral which would enable them to borrow from the banks. Through a chattel mortgage which enabled the borrower to retain his furniture and yet receive a temporary loan, numbers of people such as nurses, school teachers, clerks, and even professional men found temporary relief.

"But the conditions which once made the Loan Association a necessity have changed. The 'loan sharks' have been driven out of business; new laws have been passed to curb the rapacity of money lenders; other agencies have arisen to relieve temporary poverty. And above all the closing of the saloons and the increase in wages have so swollen the deposits in the savings banks that those who formerly were relieved by the Loan Association are now independent.

"On account of loans outstanding this work will continue until the end of the fiscal year, but then the vestry has decided that it shall be closed and the capital used for other purposes connected with the parish house."

Both of the organizations now discontinued were founded by the late Bishop D. H. Greer when he was rector of St. Bartholomew's.

N. Y. Times July 29, 1924.

COMMUNICATIONS

Industrial Lenders News,
204 Chestnut Street,
Harrisburg, Pa.

Gentlemen,

On page 14 of your July issue, we note that you have not printed our address correctly. It should be 924 Shipley Street, Wilmington, Delaware, and we shall appreciate it if you will please put the corrected notice in your next issue.

Very respectfully,
JOSEPH DEWITT,
Treasurer Industrial Lenders Mutual Insurance Co.

A. I. L. A.

Gentlemen:

We are enclosing our check for $2.50 and would like you to send us by mail or express twenty-five (25) copies of the booklet, "The necessity of Industrial Banking," xx Edition May 1924.

This is a splendid booklet and we would like to distribute a few where they will be of most benefit to us.

Thanking you for your prompt attention, we are

Yours very truly,
Tulsa Industrial Loan & Investment Co.,
BY F. C. PLATT,
Manager.

ILLINOIS

Mr. L. T. Baker our State Secretary is away on his vacation and asked me to notify you of a new President of this State Association.

Mr. L. H. Heywood 4708 Cottage Grove Ave., Chicago, Ill., was elected to-day as President, of the Illinois Association.

A. P. SNITE,
Acting Secty.

NATIONAL PUBLICITY

New York, July—Fifty-four men of an average 100 at the age of 65 are dependent upon friends or relief agencies, according to a bulletin issued to-day by the American Industrial Lenders Association, which quotes Herbert K. Twitchell, President of Seamen's Bank for Savings, New York. Mr. Twitchell said his figures were based on a government report of a record of 100 average men taken forty years later.

Of these 100 the record would show 36 dead, 1 rich, 3 comfortably well off, 6 earning a living, and the rest dependent.

That more than four-fifths of those living at 65 out of every 100 able-bodied men starting at 25 are dependent upon others, says the bulletin, is an evidence of the need for a fair and adequate system of industrial financing, since the dependence of these men in later life is in many cases the cumulative result of their failure in earlier years to finance themselves in emergencies when such financing would have had a beneficial effect on their futures.

The average of dependents, the bulletin asserts, would be materially reduced if the encouragement of legitimate industrial lending, that is the lending of sums not in excess of $300 on non-fluid security or no security, were nation-wide. For it is the observation of sociologists that the great majority of necessitous borrowers are self-respecting and will not accept charity except as a last resort when they have been unable to negotiate loans on fair terms.

In the score of states where industrial lending has been legalized and put on a basis of fairness to both lenders and borrower, the bulletin points out, the situation of the borrower has been greatly improved, since he is protected from the exaction of unreasonable interest charges, and it will be found that in those states the number of those dependant on friends or other agencies for their financing is smaller than in communities where no legislation exists to curb the extortionate lender.

LOAN MANAGER WANTED

Who has had success in the business with a good record, seeking a permanent connection where advancement is assured. Good salary, with insurance. Address "Z" Box 778, Harrisburg, Pa.

FUNCTION OF INDUSTRIAL LENDERS IS DISCUSSED

Salient Facts About Industrial Lending

Number of States regulating the small loan business, 18.

Number of licensed lenders, 420.

Estimated combined capital of licensed lenders, $100,000,000.

Estimated annual total of loans, $150,000,000.

Average amount of small loan, $100.

Estimated number of potential borrowers, in regulated territory, 10,000,000.

Estimated number of actual borrowers, 2,000,000.

Philadelphia, Aug. 2.—In a plea for the relief of the "industrial credit famine" which he said is prevalent over a large area of the country, Charles G. Mueller, National Chairman of the American Industrial Lenders' Association, recently made public figures bearing on the small loan business. This "credit famine," Mr. Mueller said, is of vital concern not only to the great mass of the population who are the direct sufferers, but also to the producing and merchandizing interests whose consuming public are impaired in their buying power by lack of an adequate financing system.

Citing statistics to show that no more than 8 per cent of our population have checking accounts at banks, and that approximately less than 5 per cent of those with checking accounts have collateral enabling them to borrow at banks, Mr. Mueller said that the only recourse open to this large percentage in their credit needs is to industrial lenders, of whom there are two classes, the outlaw lender whose interest rates are exorbitant, and the licensed broker who lends on non-fluid security or no security at all at interest rates fixed by law.

Because the number of licensed lenders is necessarily limited to those States where lending is regulated, he stated, the only possible relief for the "credit famine" lies in an extension of adequate legislation for the regulation of industrial lending, as the capital of reputable men will not be attracted to those communities where the business is not regulated.

The importance of an adequate fiscal system for supplying this credit, said the statement, could be better appreciated by an understanding of the small loan business, its special province, and the clientele it serves. A small loan, in the meaning of the law, is one not in excess of $300 to any one borrower, the legal interest rate for which is higher than the interest rate on a bank loan. The function of the small loan broker is to finance those who do not possess the collateral which will enable them to borrow from banks, and this financing is done from the capital of the lender, not from the funds of depositors as in the case of banks. The small loan clientele is made up of wage earners, small salaried workers and persons of limited incomes.

Money lending is regulated by law in eighteen States, in which lenders are licensed and the maximum interest rates which they may charge for loans are fixed. These States are: Arizona, Connecticut, Georgia, Illinois, Indiana, Iowa, Maine, Maryland, Massachusetts, Michigan, New Hampshire, New Jersey, Ohio, Oregon, Pennsylvania, Rhode Island, Utah and Virginia. The combined populations of these States in 1923 was estimated at about 52,000,000, being a little less than half the estimated population of 112,000,000 of the entire country.

In these eighteen States the credit needs of the small loan clientele are served by some 420 licensed lenders, whose combined capital approximates $100,000,000, and whose annual loans approximated $150,000,000, the average loan being about $100. The number of potential borrowers may be estimated at 10,000,000, of whom there are probably about 2,000,000 actual borrowers.

This estimate is based on an adult population in these States of about 31,000,000, of whom about 37 per cent are receiving annual incomes, about 86 per cent of whom are receiving incomes not to exceed $2,000 annually. Of course the capital invested in the small loan business even in States where lending is regulated is inadequate to serve the needs of the whole number of potential borrowers, and as the total annual loans in regulated territory approximates $150,000 000 in average amounts of $100, it will be seen that the average number of borrowers served totals 1,500,000. Allowing for loans under the average, the total number of borrowers may be estimated at 2,000,000.

Mr. Mueller used the report of a typical month's business of a large lending concern to indicate the class of persons constituting the body of necessitous borrowers and the principal causes of their necessities. From this it was shown that of 2,444 borrowers the classification was: civil servants (Federal, State and city) 867; commercial (clerks, secretaries and stenographers, bookkeepers and accountants, salesmen, agents, managers, proprietors and partners) 912; wage earners (printing trades, factory workers, tailors, machinists, inspectors, foremen, artisans, telegraph operators, and conductors) 380; professions (teachers, doctors and dentists, and writers) 48; miscellaneous, 237.

While the impelling causes for seeking small loans are legion, Mr. Mueller's statement points out that the principal causes may be grouped under these five heads: sickness, deaths, to buy a home or to meet interest or principal on mortgages, to advance the situation of borrower's family, and for use in business.—*The Roanoke, World News, Aug. 2, 1924.*

EASY CREDIT HAS RAISED WORKERS' LIVING STANDARDS

Many Have Expensive Homes and Automobiles and Live Beyond Their Means on Borrowed Money

"I don't see how they do it," says Mrs. Simpson to Mrs. Johnson, as their neighbors, the Smiths, ride off for the day in their new car. Mrs. Simpson is certain the Smiths have no money, yet they have a house, a piano, a good radio receiver and a shiny, smooth-running automobile. Mrs. Smith, moreover, has a fur coat, writes "The Industrial Digest."

There are millions of people like the Smiths who have almost everything money can buy without having the money. The head of a large selling organization recently expressed astonishment at the manner in which his salesmen live.

"They have good homes in attractive neighborhoods," he said, "they drive big cars and their families wear expensive clothes. You'd think they were men of prosperity, but I'm sure they haven't inherited fortunes and they can't have saved enough out of their earnings to pay for what they own. They must all be pretty deeply in debt."

That's the answer—they are in debt. They have bought the things they own by mortgaging their future incomes. The Smith house was bought with a small cash payment, a first mortgage, and a heavy second mortgage to be amortized out of income. They owe on the furniture, the car, the piano, the radio and Mrs. Smith's fur coat. If they have been forced recently to make an unexpected heavy expenditure they may also be in debt to some small-loan association or Morris Plan bank.

Mr. Smith and the extravagant salesmen carry these debts and gradually pay them off out of what they earn. They make good money—enough to take care of their debts and pay ordinary living expenses, if they are careful and stand well with the grocer. As long as this continues they will be able to incur new debts as they pay off the old.

It is impossible to say how many people live like this to-day, but their number must be greater than ever. Standards of living have been greatly raised among wage earners and salaried people. The output of articles such as used to be called luxuries—automobiles as a conspicuous example—is increased. Credit is cheap and is being extended to classes of people who formerly had none.

The effect of the expansion of retail credit is to enable people to purchase and enjoy property without owning it outright. In many cases, by the time the last payment is made on an article bought on time the article has been completely used up. A family accustomed to buying on the instalment plan can consider the payment of the instalments and interest as part of its regular living expenses and as long as its income continues it can remain in debt.—*The N. Y. Herald Tribune, July 13, 1924.*

CITE NEED FOR CREDIT SYSTEM FOR SMALL SALARIED EMPLOYES

An annual shopping bill of thirty-five billion dollars for American households was cited in a bulletin issued yesterday by the American Industrial Lenders Association indicating the necessity for a credit system for wage earners and small salaried workers comparable to the banking system which serves the more prosperous element of the nation. The greater part of this trade volume, the bulletin points out, is expended for necessities by the average man and woman composing the bulk of the consuming class.

The greater part of this $35,000,000,000 annual retail trade is done by that class of citizens who have an annual income not to exceed $2,000, the bulletin states, and whatever financing they receive over and above their incomes is done by industrial lenders. By industrial lenders the bulletin explains, is meant those who lend in amounts not to exceed $300 to any one person, on non-fluid security, or no security. These small borrowers, for the most part, are wage earners engaged in industrial pursuits or persons on small salaries.

"That an adequate nation-wide system of small loans is important," the bulletin states, "not alone to the consumer, but to the retail merchant also, is shown by comparative estimates of the total number of all business concerns in the United States. More than one and three-fourths of all business concerns are retail, and the bulk of their business is done with consumers whose annual incomes are not in excess of $2,000, and whose credit needs are most urgent."

The bulletin calls this a powerful argument for the extension of legislation for the regulation of industrial lending which would provide a system of industrial credit free of the exploitation of borrowers that now characterizes industrial lending in states where the business is unregulated.

The importance of providing a system of financing on equitable terms the masses making up this great buying power has been recognized by eighteen states.—*Portsmouth, Va., Star, July 19, 1924.*

RADIO FANS TAKE NOTICE

An educational address relative to the industrial loan business will be broadcasted from KDKA station, East Pittsburgh, Pa., September 17, at 8:05 P. M.

Meet Me in

Baltimore

September 24-27

SEP 8 1924

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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ALL ABOARD FOR THE CONVENTION

Everything is ready for the big annual gathering which takes place at Baltimore September 24th to 27th, with headquarters at the Southern Hotel. This is our Tenth Annual National Convention and, according to prospects, it will eclipse all its predecessors in every way. The attendance promises to be big and the program extraordinary. This is the one occasion in the year when industrial bankers from all over the country renew old friendships and make new friends—the time when they discuss the problems, past and future, in the industrial loan field, and seek ways and means of bettering their service to the public. The live wires with their wives and sweethearts will be there because it means so much to them. Be sure to come early and register on your arrival.

WELCOME MAINE

After much time and effort we are pleased to announce the Maine Industrial Lenders Association was organized in Portland at the Columbia Hotel, Sept. 8th. Dr. Mueller's telegram following tells the story in a few words:

Portland, Me.,
Sept. 9, 1924.

Maine State Association formed last night with thirteen members out of seventeen licensees. All pledged to National Association memberships. Wick and Young did splendid preliminary work and are entitled to great credit for success. Newspaper account being sent by mail. Article appears in heretofore hostile press. Accept congratulations.

Charles G. Mueller.

Here is what the *Portland Press Herald* had to say about the event in its September 9th issue:

LENDERS ASSOCIATION FORMED IN MAINE

Portland, Lewistown and Bangor Men Comprise Charter Membership

The Maine Industrial Lenders Association was formed at the Columbia Hotel last night.

The charter membership of the association is made up of the following men: Wesley M. Snow, George A. Currier, M. A. Sulkowitch, E. E. Waterman, M. M. Bernstein and Joseph S. Bernstern, all of Portland, Edward M. Sinall, Harry S. Crosby and F. H. Waterhouse of Lewiston, Charles J. Bernstein of Bangor, and three other individuals represented by proxy.

THE LIBRARY OF THE SEP 25 1924 UNIVERSITY OF ILLINOIS

Charles G. Mueller of Philadelphia, chairman of the American Industrial Lenders Association, was the speaker of the evening and talked to the gathering on the advantages of an association in the work of elevating the industrial loan business.

William Young and Arthur L. Wick, of Philadelphia, who have been promoting the Maine association for the past week, also were present, and outlined the purposes of the association as to "elevate the loan business in general and to drive out the so-called loan shark."

The association is organized to render a similar loan service to the working man as the banks render to the merchant and the business man.

Officers elected: Chairman, W. M. Snow, Portland; secretary, H. S. Crosby, Lewiston. Mr. Snow was elected a delegate to the National Convention and will probably attend with Mrs. Snow. Chas. J. Bernstein, Bangor, was elected alternate. Geo. A. Currier, of Portland, is also expected to be among those answering the roll call from Maine and possibly others. We are pleased to report that the meeting was enthusiastic, and augurs well for the future of the small loan business in the State "way down East."

We extend to all who had a part in this success the hearty congratulations of the entire A. I. L. A. membership, and hope to record in these columns in the future more of the activities of the new baby state association. Welcome to you members from Maine. Let's get acquainted in Baltimore, Sept. 24th to 27th.

Other officers of the Association are Chas. J. Bernstein, vice-chairman, Bangor and M. A. Sulkowitch, treasurer, Portland. In addition to the officers Geo. A. Currier, E. L. Waterman, Portland, and Edw. M. Sirrell. Lewiston, form the executive committee of seven members.

POSSIBLE CONSTITUTIONAL CHANGES

Suggestions have been made which, if adopted at the National Convention, would change the present method of collecting dues for the National Association and enlarge the present executive committee by including some of the chairmen of the new special committees appointed by National Chairman Mueller.

These committees and the chairmen thereof were announced in our August issue.

THE NEED OF ADEQUATE SMALL LOAN LEGISLATION

By Walter S. Hilborn, Acting Director of the Division of Remedial Loan, Russell Sage Foundation, before the National Association of Supervisors of State Banks, Buffalo, N. Y., July 23, 1924.

Mr. Chairman and gentlemen, for me this is a memorable occasion. It is the first time that I know of that the advocates of small loan legislation have had the opportunity to meet face to face the public officials who have it in their care, under their guidance, and are responsible for the success of small loan legislation; for small loan legislation, say what you will, has come to stay, and the supervision of small loan business is almost everywhere entrusted to the banking department, which is the one department competent to determine that the law is being observed by the lenders.

I do not know whether you comprehend the number of people who in your states are served by the small lenders. In Pennsylvania, in the city of Philadelphia, there are two offices, each of which in the course of a year serves from 2,500 to 3,000 borrowers. In the city of Chicago there is one office that serves 3,500 borrowers. Illinois has over 100 licensed lenders. So that probably in the course of the year the small loan offices in the State of Illinois serve upwards of 200,000 people. There is one city in Illinois in which I am told three out of every four families are served by a small loan office. In your hands is the care of these borrowers. It seems proper therefore that I should undertake in the few minutes that have been given to me to unfold to you the origin, purposes and principles of small loan legislation, so that those of you who now supervise the small loan offices may fully comprehend and sympathize with the purposes of that legislation, and that those of you who are unfortunate enough to live in states which have not small loan legislation may coöperate with us in making the uniform small loan law part of the legislation in your states.

Originally conditions surrounding the small loan business were chaotic beyond imagination. Sporadic efforts were made to remedy the situation. Then one institution with which I am now associated, placed itself behind one man to bring about a systematic development in the small loan field. At the outset it fought almost single handed. Then it brought together scattered remedial loan societies, organizations which had been formed in an effort to remedy the situation by men with a semi-philanthropic state of mind. They were so successful in their efforts

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

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Md.—H. C. Moore, 2 East Lexington St., Baltimore.
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Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

against the loan shark that the most far-seeing of the commercial lenders recognized the immediate need of proper regulation of the small loan business; the result was the drafting of the first uniform small loan law, which is now the basis of legislation in twenty states, under which many of you are now supervising the small loan business, and which in course of time will, we hope, form the basis for regulation in every state where the business of making small loans is of any magnitude.

Where there is modern small loan legislation it is of supreme importance that its regulation be based upon understanding of the purposes and principles which underlie the legislation. Where there is no legislation it is imperative that public officials and leaders of public opinion should be informed regarding actual small loan conditions and the wisest method of improving them.

You may wonder and you may have wondered that the Russell Sage Foundation is interested in small loan legislation. It is unnecessary for me to say to you—or it should be unnecessary—that it has no financial interest in the small loan business. It became deeply interested in small loan conditions as a result of two studies, one made of the chattel loan business and one of the salary loan, about 14 years ago.

These studies convinced the Foundation of the need of improvement throughout the small loan field, and as a result thereof the Division of Remedial Loans was established.

No one who has not made a special study of the small loan conditions can have any appreciation of the urgent need of remedial legislation. I am going to cite just one example of it. For approximately eight years we have made an effort to enact a Uniform Small Loan Law in a prominent southern state. I am not going to name it. Its statute law provides that a charge in excess of six per cent per annum is illegal. The penalty for a charge in excess of six per cent is inability to collect principal or interest. The fact in that state is that in its cities the small lender operates in utter disregard of the statute law. We found upon investigation that the interest rate being charged was as high as six hundred per cent per annum, and that the average rate charged was from one hundred to two hundred per cent per annum. In the largest city of the state there were probably thirty unlicensed lenders. One legislator, who was a banker, stated that one of his depositors had informed him that on a capital of four thousand dollars invested in the small loan business he was able to make a living for himself and his family, on an authorized interest charge of six per cent per annum.

In New York, at the time of the last campaign against the illegal lender, we found that the interest charged for small loans varied from twelve to twenty-five per cent a month. In Massachusetts and in Maine, before the present statutes were enacted, the same conditions were found.

I cite the southern state and New York on the one hand and Massachusetts and Maine on the other, because these four communities have treated the charge for the loan of money upon an entirely different theory. In Massachusetts and in Maine, for example, there is no maximum legal contract rate. Parties may contract for any interest rate they please. In the absence of contract six per cent is the legal rate. In the southern state that I referred to, and in most American communities, there is a maximum legal contract rate beyond which parties may not contract. In both groups of states, in the states with no maximum legal contract rate and in the states with a maximum legal contract rate, the money lender waxed rich from his extortions on the borrower. In one class of states his extortion was legal. In the other class his extortion was illegal.

Massachusetts and states following it regarded money as a commodity and the interest rate a result of bargain and not legislation. New York and most American states have adopted the principle that the maximum rate of interest to be charged for the loan of money should be restricted by law.

In both groups of states small loan conditions were shocking. In the states with a limited contract rate, the money lender was as rapacious in his demands and as extortionate in his exactions as he was in Massachusetts or in Maine. Legislative restriction was no more effective than freedom of contract. Legislation of some sort became necessary. It is true that in the states with a limited contract rate, the borrower had a defense in a court of law. In some states he could resist the payment of interest in excess of the legal amount. In others, he could resist the payment of either principal or interest, but the experience of the lender demonstrated that either the honesty of the borrower compelled him to carry out his contract or his lack of knowledge of his legal remedy made it impossible for him to avail himself of it, and thus, whether from lack of inclination or knowledge, the exaction of the illegal lender went unchallenged. In the free contract states the borrower was, of course, without remedy.

This then was our problem. The most needy persons in the community were subject to the extortionate demands of the loan shark and were either without remedy or powerless to use their remedy. I am sure that this gathering will concede without argument that the situation required some remedy; that some legislation was required to limit the demands of the lender and to protect the borrower.

In one group of states the interest rate which might be charged upon small loans had to be increased. In the other group it had to be reduced. In both classes of states there is recognition that the making of small loans must be treated upon an entirely different basis and upon an entirely different principle than the making of larger loans.

The borrower of small sums of money required the protection of the state against the rapacity of the unbridled lender in the free contract rate states, where no maximum rate was provided by law, and both the lender and the borrower required the protection and the authorization of the state where by legislation a maximum contract rate was in force.

There is implied in what I have said an assumption that the small loan business should be authorized and not prohibited, and small loan legislation is based upon this hypothesis.

Studying small loan conditions, there are three possible bases upon which the small loan business might be regulated:

1. We might prohibit by legislation any charge in excess of the commercial contract rate on small loans and then put

such penalties in the law as would prevent any person from breaking it; or

2. We might advocate the lending of small sums of money as a semi-philanthropic non-commercial enterprise, at the minimum rate for which the business can be conducted without profit to the lender; or

3. We might advocate and make possible the commercial lending of small sums of money.

The first solution is unthinkable. At some time in the life of most everyone there comes a time when he needs to borrow money. It may be to purchase coal, to pay a doctor's bill, to paint a house, to purchase a luxury, to tide over a period of unemployment or one of any number of contingencies which you can imagine as well as I. Would you say that a man who has no bank credit and no friend who can spare the money should go without, because it is not commercially possible to make a loan of fifty or one hundred or one hundred fifty dollars at the conventional contract rate?

I am sure that you will all agree that the borrower who has a legitimate need of money should be enabled to make the loan. Prohibition of a loan at more than the normal contract rate has prevented many legitimate borrowers from having their need met. It has not prevented the money lender from plying his trade at exorbitant rates which have been paid by many who have required the money for needs legitimate and illegitimate and paid without question the exaction of the lender.

Any person who gives any thought to the small loan question will speedily conclude that prohibition of interest in excess of the normal contract rate is no solution to the small loan problem. It has always resulted, in spite of sporadic campaigns against the loan shark, in clandestine extortion by the illegal lender and helplessness on the part of the borrower.

A second possible solution and one believed at one time to be feasible was the making of small loans upon a semi-phinanthropic, non-commercial basis. In other words, a charge of more than the conventional rate upon small loans by local law with a limitation of the return to the investor.

Upon this basis there have been established in this country approximately thirty companies wtih a capital of fourteen million dollars, but these semi-philanthropic agencies while they have rendered an important service to the borrower have not been adequate to cover his needs. There is not and never has been sufficient capital willing to embark upon the small loan business with its hazards and its risks for the self-limited return of the remedial companies. Prohibition is impossible. Semi-philanthropic lending is inadequate. Commercial lending is the only adequate solution.

Accordingly, believing that small loans should not be prohibited, that there was no reason to confine the small loan business to semi-philanthropic associations, those interested in the small loan field concluded that to meet the needs of the small borrower adequately it was necessary to put the business upon a definite legal basis, upon a basis which would make the small loan business commercially possible, hence the uniform small loan law.

The uniform small loan law is simple in form and simple in theory. It is based upon the fundamental principle that in the limited contract rate states the lender should be permitted to charge more than the customary contract rate and that in the free contract rate states he should be prohibited from charging more than the rate stipulated by the law. It provides, therefore, that no person may charge more than six to eight per cent per annum on a loan of less than three hundred dollars without obtaining a license from the constituted authorities. It permits a licensee to charge, not to exceed three and a half per cent per month, on loans of not over three hundred dollars. It requires the licensees to give bond to the state, provides minutely for the method of conducting business and makes criminal the unlicensed person who charges more than six per cent on the small loan and the licensed person who charges in excess of the authorized rate. It provides that the borrower shall be informed of the provisions of law with respect to the rate of interest to be charged and requires the business of every licensee to be subject to examination by the public officials, usually by the banking department.

In brief, the law makes the small loan business commercially possible to the lender and provides adequate supervision and imposes adequate criminal penalties for both licensed and unlicensed lenders who violate its provisions. The law has worked well wherever it has been tried. Small loan conditions in the states which have the small loan law give no trouble. But one question is asked about the law. Why should small loans bear a rate of interest in excess of those authorized by the general interest law? In this gathering the answer to this question should not be difficult.

The business to be regulated is the lending of money in kind. It cannot be compared with the purchase of a bond which may bear interest from 3½% per annum up, and the borrower has only to clip his coupons, nor with a loan on real estate mortgage where the borrower pays the cost of insurance, the legal services incident to making the loan and the lender receives from four to six per cent net upon his investment. It cannot be compared to banking, for the bank lends not money but credit, and although the bank may charge in New York not to exceed say, six per cent on any one loan, it may by reason of the fact that it lends not money but credit make loans many times the amount of its capital and surplus, so that although no one borrower can be charged more than, say, six or seven per cent on one loan, the gross earnings of a bank—and if I understate it you will know it—may be from 40 to 50% gross upon its invested capital and surplus. The money once loaned by the small lender cannot be loaned again until it is repaid. The rate authorized by law measures the gross return to the lender upon his capital.

The business most akin to small loans is the lending on pawn. On such loans, where the lender has the security for the loan in his own possession, he is usually authorized to charge much in excess of the legal rate of 6%, and no one questions the need of the higher rate for the pawnbroker.

A consideration of these few facts makes it quite clear that a higher rate than six per cent per annum is required. In addition, the risk on the loan is relatively greater, the duration is longer than in the case of the bank loans and the security of a character not usually acceptable to a commercial bank. The operating expense is high because the amount of each loan is small, each loan requires careful investigation and must be collected in small monthly installments. These considerations show why a small loan agency in order to remain in business must charge rates in excess of the normal contract rate, that will yield enough to meet inevitable losses, relatively high operating expenses, as well as a fair return on invested capital.

It follows that it is essential to the life of the business that a much higher rate be permitted for small loans than is prescribed for bank and commercial loans. We are dealing with a distinct kind of enterprise which requires special treatment.

There remains but one factor to be considered. Why 3½% a month instead of any other charge? The answer is not so simple but it is satisfactory. We sought a rate which will interest legitimate capital to satisfy the small loan requirements, and it has not yet been demonstrated that commercial capital will in general enter the small loan field if a lower rate is authorized. We know that wherever the uniform law has been enacted the small loan needs of the state have been more adequately met and the business placed upon a dignified plane. We know that in some states where less than 3½% is authorized, the small loan need is not adequately met. Colorado has the uniform small loan law with but one change. Instead of 3½% a month the authorized rate is 1% per month and fees.

It is perfectly clear that the small loan business is not satisfactorily conducted in a state like New York where only two per cent a month and fees are authorized, although several corporations of a semi-philanthropic nature are there engaged in the pledge and chattel loan business and a few commercial lenders have been authorized by the state banking department. It is likewise true that in Massachusetts the small loan field throughout the state is not covered and the commercial lenders do not seem to be making an adequate return. And year after year the Superintendent of Banks in Massachusetts has favored an increase in the rate to 3½%.

Concerns which have large capital and efficient organization may make more than would strike the average man as proper. A licensed lender with small capital in a medium sized town may have to struggle to make a living under the Uniform Law. The example of the lender struggling with small capital to make ends meet is no more an argument for increasing the rate than the success of the large and well organized lender is an argument for reducing it. The fact is that under the uniform law the borrower is being charged not to exceed 3½% a month and without legislation he was charged from 10% a month up, so that he is being saved at least 75% per annum interest. The fact is that the uniform law is meeting a difficult problem in a practical and effective way.

The student of the small loan field has met the practical man of affairs in the small loan business and together they have devised a law which admirably fits the situation. Commercial lenders operating under the small loan law have made their business a recognized, honorable commercial venture.

And now in the few minutes which are left to me I want to make a special appeal to you in whose hands has been committed the supervision of this business. I make a double appeal, one for your sympathetic coöperation in the enactment of the law, and, second, for careful examination and regulation, wherever it is in force.

The law without the lender would be a travesty. Unless under the law men engage in the small loan business, the enactment of the small loan law is so much wasted effort.

The first assistance that you can render is to be liberal in the granting of licenses. Making small loans is not banking. The lender is not receiving the public's money. I am certain that you do not make the mistake of insisting that the small loan business shall be conducted by the same type of men as are the directors of your state banks and trust companies. Many lenders that I know would be able bank directors, cashiers and presidents and their services would be eagerly sought by existing financial institutions. Some lenders might not seem eligible by you to any such position, but if they are willing to risk their money in this business and to obey the law it would be regrettable if the imposition of standards too high should prevent honorable men from engaging in honorable business. You should be, and I am sure you are, liberal then in the granting of licenses. Give the small loan law a fair test by your liberality in granting licenses, and then when you have granted licenses hold the licensee up to the full measure of the law. Remember that the purpose of regulation and examination is not to see that the licensee does not lose his own money, but rather to see that the loans to the borrower are made within the law. The purpose of examination is not primarily to see that the lender is solvent, but that the borrower has not been overcharged.

I hope that your examinations may be frequent and rigorous and that you will not permit the law to fall into disrepute because licensees may disregard it. This is merely a caution, as the licensee in general feels that he has a solemn duty to see that the law is not brought into disrepute, but it is your duty to see that the licensee does not evade it and you have a further obligation. The law provides penalties for its violation not only by licensed but by unlicensed lenders.

One of our great difficulties is that no law is self-executing. Someone must have the duty to see that violations of the law are punished. The unlicensed lender is as much subject to the law as the licensed lender. Can you not by the machinery at your disposal prevent violation of the law by unlicensed lenders?

And finally, here and there evasions of the law are springing up. In one state, men are not lending money but charging for their services in indorsing paper or purchasing endorsed notes. In others, they are buying wages, and other devices may suggest themselves. Can you not by the use of the staff at your disposal bring to the attention of the public the author's illegal devices and enforce the law against the lawbreaker? Can you not make suggestions to us as to changes which you think should be made in the small loan law, improvements, so that we may keep the law up to date? You are working in the field. We are only working in an office. You see its practical operation. We have only the theory to guide us. And finally, you who happen to be in states which have not yet seen the wisdom of enacting the small loan law, can you not coöperate with the public spirited citizens of your states who are seeking to remedy small loan conditions and assist in securing the enactment of the small loan law?

I thank you most cordially for this opportunity of presenting to you the principles and purposes of the small loan law. I bespeak your assistance in securing its enactment in states now living without its benefits and your coöperation in its enforcement in the states where it has been enacted so that the small borrower everywhere may receive its full and complete benefits. (Applause.)

GEORGIA

The regular meeting of the Georgia Industrial Lenders Association was held in the office of Chairman Madison, 212 Healy Building, at 2 p. m., on the afternoon of Thursday, August 28th.

Chairman Madison called meeting to order promptly at 2 p. m. Due to the excessive hot weather and vacation period, there were only seven members present.

The treasurer reported $191.51 with all bills to date paid.

Report of the Standing Committee

Legislation: Mr. Steimle reported House Bill No. 661, presented to the 1924 Legislature, to amend present uniform loan act from three and one half to two and one half per cent, was defeated.

Report of Membership Committee

Chairman Madison submitted application of the Southland Loan & Investment Company, 527-8 Candler Building, Mr. R. R. Lanham, Manager, for membership, and took this occasion to reprimand Membership Committee for not properly functioning. Upon motion of Mr. Steimle, seconded by Mr. Lassiter, and unanimously carried, the Southland Loan & Investment Company was elected to membership in the Georgia Industrial Lenders Association.

Unfinished Business

The long standing clearing house matter brought about a lively discussion for about half an hour, and it was the consensus of opinion that the clearing house be confined entirely to members of the Georgia Industrial Lenders Association, and that the matter rest until return of Mr. Madison and Mr. Steimle from the National Convention, at which time the matter will be taken up with Mr. Wick, of Philadelphia, who will make a report at the National Convention of the progress of clearing houses in the various states, and to induce Mr. Wick, if possible, to come to Atlanta in the interest of the clearing house.

Publicity

The *City Builder*, a magazine of sixty odd pages, gotten out by the Atlanta Chamber of Commerce, was suggested by Mr. Steimle as a very good medium for our publicity advertising. It was moved by Mr. Lassiter, seconded by Mr. McCollum, unanimously carried, that the back page of the *City Builder* be contracted for for six months at a cost of seventy-five dollars ($75.00) per month, to be divided pro rata among the members of the Georgia Association, first issue to appear in the October number.

It was moved by Mr. Snyder, seconded by Mr. Steimle, and unanimously carried, that the next meeting of the Georgia Industrial Lenders Association be held on Friday afternoon, October 10th, at the Biltmore Hotel, and that a luncheon costing not more than $1.25 per plate be served to each member and paid for by the individual member, at which time report will be given of the National Convention.

Edw. M. Steimle,
Secretary.

HOUSE BILL NO. 661

General Judiciary 2

Mr. Hines of Decatur Co.

Read First Time June 30th, 1924

A Bill

To be entitled an Act to amend an act approved Aug. 17, 1920, entitled "An Act to license and regulate the business of making loans in sums of $300 or less, secured or unsecured at a greater rate of interest than eight (8) per centum per annum prescribing the rate, interest and charge therefor, and penalties for the violation thereof, regulating the assignment of wages or salaries, earned or to be earned, when taken as security for any such loan, and for other purposes by striking the words and figures "three and one-half (3½)" from lines five and six of section 13 of said act, and substituting in lieu of said stricken words and figures the words and figures "two and one-half (2½)" and for other purposes.

Section 1. Be it enacted by General Assembly of the State of Georgia, and it is hereby enacted by authority of the same that from and after the passage of this act that an Act approved August 17, 1920, entitled—An Act to license and regulate the business of making loans in sums of $300 or less, secured or unsecured, at a greater rate of interest than eight (8) per centum per annum, prescribing the rate of interest and charge therefor, and penalties for the violation thereof; regulating the assignment of wages or salaries, earned or to be earned, when taken as security for any such loan, and for other purposes, be and the same is hereby amended by striking from the fifth and sixth lines of section 13 of said act the words and figures "three and one-half (3½)" and substituting in lieu thereof the words and figures "two and one-half (2½)" so that said section when amended shall read as follows:

"Section 13. Every person, copartnership and corporation licensed hereunder may loan any sum of money not exceeding in amount the sum of three hundred dollars ($300) and may charge, contract for and receive thereon interest at a rate not to exceed two and one-half (2½. per centum per month. Interest shall not be payable in advance or compounded and shall be computed on unpaid balances. In addition to the interest herein provided for, no further or other charge or amount whatsoever for any examination, service, brokerage, commission or other thing, or otherwise shall be directly or indirectly charged, contracted for or received, except the lawful fees, if any, actually and necessarily paid out by the licensee to any public officer for filing or recording in any public office any instrument securing the loan, which fees may be collected when the loan is made or at any time thereafter. If interest or charges in excess of those permitted by this Act shall be charged, contracted for or received, the contract of loan shall be null and void and the licensee shall have no right to collect or receive any principal, interest or charges whatsoever. No person shall owe any licensee, as such at any time more than three hundred dollars ($300) for principal."

SECTION 2. Be it further enacted that all laws and parts of laws in conflict with this Act are hereby repealed.

COURT DECIDES HOW INTEREST MUST BE COMPUTED IN GEORGIA LAW

We are indebted to and have the permission of the *Southeastern Reporter* to publish the following decision, which appeared in its June 7, 1924, issue on a question in which all lenders operating in regulated states will be interested:

JOBSON et al. v. MASTERS

(No. 15294)

(Court of Appeals of Georgia, Division No. 1, April 16, 1924)

(Syllabus by the Court)

1. Pawnbrokers and money lenders Key No. 6*—Statute as to rate of interest per "month" construed; one charging or receiving excess interest forfeits right to recover either principal or lawful interest and charges.

The Act of 1920 (Ga. Laws 1920, p. 215), authorizing persons licensed thereunder to charge and collect interest at the rate of 3½ per cent per month on loans in sums of $300 or less, relates only to calendar months, whether the particular month for which the interest is to be computed happens to consist of 28, 29, 30 or 31 days, and if the lender charges or receives any sum whatever in excess of that authorized by the statute, the contract of loan is null and void, and the lender forfeits his right to recover either the principal or the lawful interest and charges (citing Words and Phrases, First and Second Series, Month).

[Ed. Note.—For other definitions, see Words and Phrases, First and Second Series, Month.]

2. Pawnbrokers and money lenders, Key No. 6—What lender must show, to entitle him to collection of statutory rate of 3½ per cent interest per month, stated.

A litigant, seeking to bring himself within the provisions of that act, so as to enable him to recover upon a contract stipulating to pay interest at the rate of 3½ per cent per month, must, as conditions precedent to such alleged right, show that he was licensed in accordance with the provisions of the act, that the contract was made under such license and at the place of business therein designated, that the contract does not upon its face show any violation of the act or failure to comply with its mandatory provisions, and that at the time of the loan he delivered to the borrower the statement prescribed by section 14 of the act. In the absence of either of these essentials, a contract of loan in which the borrower agrees to pay interest at any rate higher than 8 per cent per annum is usurious.

Error from Superior Court, Fulton County; John D. Humphries, Judge.

Bail trover by S. J. Masters against J. B. Jobson and another. Judgment for plaintiff, certiorari was overruled, and defendants bring error. Reversed.

S. Jay Masters instituted in the municipal court of Atlanta a bail trover proceeding against J. B. Jobson and Mrs. Sallie Lou Jobson to recover certain household goods described in his petition. He alleged that the defendants were in possession of the property that he claimed title thereto, and that they refused to deliver it to him, or to pay him the profits thereof. The petition contained the usual prayer for process. In addition to answering the paragraphs of the petition, the defendants pleaded:

"That the alleged right and title of plaintiff in the property sued for grew out of a contract or bill of sale and mortgage given by defendants to plaintiff for the purpose of securing a loan of money made by plaintiff to defendants on the 19th day of December, 1921. Under said contract of loan, defendants agreed to pay plaintiff as interest on the amount borrowed 3½ per cent per month as interest. The sum originally borrowed was the sum of $204, and was to be repaid in 12 equal installments of $17 each and interest as aforesaid at 3½ per cent per month, the amount paid at each payment on the principal to be deducted therefrom and a new principal to then run till the next payment, and interest paid on the new principal; that plaintiff charged, contracted for, and received interest and charges on said loan and the new principals in aforesaid in excess of those permitted by the Act of General Assembly of Georgia approved August 16, 1920, allowing charges of interest to be made on loans not in excess of $300 to be 3½ per cent per month; and that therefore, under the terms and provisions of said act, the contract of loan and the bill of sale and mortgage to secure said loan to defendants, and in which the alleged right and title to the property sued for herein was conveyed to plaintiff, is void and of no effect, and conveys no title or rights to the plaintiff, and the plaintiff has no title to the property sued for herein and cannot recover said property."

The remainder of the plea was devoted to setting out in detail the dates and amounts of the payments, which do not differ from those proved by the plaintiff upon the trial.

To prove his alleged title, the plaintiff introduced in evidence a writing, dated December 19, 1921, and signed by the defendants, the only part of which here material was as follows:

"For value received, we or either of us promise to pay S. Jay Masters, or order, or bearer, the sum of two hundred four and $^{00}/_{100}$ dollars, the same to be paid as follows: Twelve equal monthly installments of $17 on the 19th day of each month after date here (with interest thereon) at the rate of three and one-half per cent per month on the unpaid balance as provided for in an act of the Legislature approved August 16, 1920. And to secure the payment of the same we hereby deed, sell and convey the following property: (Here followed a description of property as in plaintiff's petition)—to the said S. Jay Masters, or order, or bearer, the said property being now at my home," etc.

Annexed thereto was another writing, purporting to be a bond to reconvey the property to the defendants upon the payment of the debt as above shown. While this bond commenced, "I, the undersigned, S. Jay Masters, am held and firmly bound," etc., yet the undertaking was signed only by one A. B. Madison. Neither of these writings contained any recital that the plaintiff was licensed under the act therein referred to, nor was any evidence offered to show that he was so licensed. Except as above shown, neither of them tended to show that the debt in question was created by a loan, or if so, the actual amount of the loan. Neither of these writings contains any recital or other indicia tending to show at what particular place of business the debt was created or the papers executed, nor was any other evidence offered tending to show these things. Plaintiff also introduced in evidence a book (which was not shown to have ever been delivered to the defendants or to have come from their possession) purporting to contain a record of the transaction in controversy, describing the above-mentioned bill of sale under the words, "Amount of loan, $204," on the back of which was a copy of section 13 of the above-cited act. It showed the following record of payments:

Date Paid.	Interest Paid.	Paid on Loan.	Balance Loan.
			$204.00
1-19	$7.38	$17.00	187.00
2-22	6.98	17.00	170.00
3-22	5.16	17.00	153.00
4-20	5.18	17.00	136.00
5-23	5.24	17.00	119.00
7-17	7.64	17.00	102.00
8-21	4.17	17.00	85.00
9-21	3.07	34.00	51.00
11-16	3.33	17.00	34.00

This book nowhere contained the name or address of the plaintiff, S. Jay Masters, nor the name or address of the person purporting to have signed the bond to reconvey the property to the defendants. It did contain the name and address of J. B. Jobson, followed by the words, "In account with Surety Loan Company," without the address of that company. A Mr. Madison, whose initials do not appear, testified as a witness for the plaintiff: That he (the witness) was manager of the Southern Security Company, and that his company represented S. Jay Masters in making the loan to the defendants, to secure which they executed the bill of sale in evidence; that he had collected thereon payments as shown by the table set out above; and that the calculation of the interest on the loan was made by a certain machine which they had in their office, which was a standard machine, used generally by loan companies, and which calculated interest on the actual number of days. In his opinion the loan was made under the above-cited Act of 1920, but he stated no fact on which to base that opinion. In collecting the interest, he undertook to calculate it at the rate of 3½ per cent per month for the actual number of days between payments, instead of on the basis of the calendar month, and in so far as the table of payments set out above may indicate a contrary purpose, the figures are due to his errors in calculating the interest due at the times of the payments. The minute details of his testimony touching the separate payments are unimportant here. He further testified to a demand on the defendants for the property before suit was brought. Jobson testified only with respect to the dates and amounts of the payments as made by him, which did not differ from the table of payments above set out.

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*For other cases see same topic and Key-Number in all Key-Numbered Digests and Indexes.

The plaintiff elected to take a money judgment, and judgment in favor of the plaintiff was rendered accordingly. The exception here is to the judgment of the Superior Court overruling the certiorari sued out by the defendants, in which the judgment of the municipal court is assigned as error, because contrary to law and the evidence, with many amplified statements of that ground of error.

H. C. Holbrook, of Atlanta, for plaintiffs in error.

Geo. F. Fielding, of Atlanta, for defendant in error.

Luke, J. (after stating the facts as above): In this court counsel for both parties, by their briefs, treat the case as one coming within the provisions of the Act of 1920 (Ga. Laws 1920, p. 215) "to license and regulate the business of makings loans in sums of $300, or less," etc.; the only question discussed by them being whether the lender charged and collected such sums of interest as to void the note and security given for the loan. In our view of the case there are other fundamental questions on which the case might turn, under the pleadings and the general assignment that the judgment of the municipal court was contrary to law and the evidence. But we will first consider the case as discussed by counsel for the parties.

[1] 1. The suit being an action of trover, it was essential that the plaintiff show title in himself to the property in controversy. It was to this end that he introduced the bill of sale in evidence. If valid and enforceable, it was sufficient for this purpose. Watts v. Wight Investment Co., 25 Ga. App. 291, 103 S. E. 184. The defendants attack this bill of sale, contending that it is null and void, under the provision of the Small Loan Act of 1920, to which the writing itself refers. They attack it, not for anything that appears on its face, but because the plaintiff collected interest in excess of the maximum rate of 3½ per cent per month allowed by that act. Section 13 of the Act provides:

"Every person, copartnership and corporation licensed hereunder may loan any sum of money not exceeding in amount the sum of three hundred dollars ($300) and may charge, contract for and receive thereon interest at a rate not to exceed three and one-half (3½) per centum per month. Interest shall not be payable in advance or compounded and shall be computed on unpaid balances. In addition to the interest herein provided for, no further or other charge, or amount whatsoever, for any examination, service, brokerage, commission or other thing, or otherwise, shall be directly or indirectly charged, contracted for or received, except the lawful fees, if any, actually and necessarily paid out by the licensee to any public officer for filing or recording in any public office any instrument securing the loan, which fees may be collected when the loan is made or at any time thereafter. If (any) interest or charges in excess of those permitted by this act shall be charged, contracted for or received, the contract of loan shall be null and void and the licensee shall have no right to collect or receive any principal, interest or charges whatsoever."

By section 17 of the act it is further declared that:

"No loan for which a greater rate of interest or charge than is allowed by this act, has been contracted for or received, wherever made, shall be enforced in this state."

In authorizing an interest charge of 3½ per cent per month, that statute deals, not with days, but with months, and the word "month," as therein used, means a calendar month, whether the particular month for which the interest is to be computed happens to consist of 28, 29, 30 or 31 days. Civil Code 1910, Sec. 5; 1 Words and Phrases, Second Series, p. 552. It appears from the uncontradicted evidence that the plaintiff repeatedly collected monthly installments of interest in excess of 3½ per cent per month; in fact, that, notwithstanding the terms of the contract and of the statute, he intentionally disregarded calendar months in all of his computations of interest, endeavoring only to compute it at the rate of 3½ per cent per month for the actual number of days between payments. He undertakes to excuse as bona fide errors of computation all excessive charges of interest appearing from that method of calculation. In view of the emphatic and unambiguous provision of the statute that "no further or other charge or amount whatsoever for any * * * thing, *or otherwise*, shall be directly or indirectly charged, contracted for *or received*," the principle announced in Patton v. Bank of La Fayette, 124 Ga. 965 (4), 53 S. E. 664, 5 L. R. A. 592, is not here applicable, nor do even bona fide errors of calculation seem to afford a sufficient excuse for such overcharges.

Especially is this so under the peculiar facts of this case, where there was no necessity whatever for computing interest for the fractional part of a month, and where the plaintiff still retains the benefits of his admitted errors and does not appear to have ever made any effort to restore or account for the sums thus wrongfully taken. Nor is it any excuse to say that the amount of usury thus taken was small. As for that matter, the principal debt itself was small, and could in no event exceed the sum of $300. But from the date of the loan, December 19, 1921, to the date of the first interest payment, January 19, 1922, was exactly one month of 31 days. Three and a half per cent interest on the principal of $204 for that month was $7.14. The amount of interest collected was $7.38, or an excess of 24 cents. Small as that may seem, a similar excessive charge for each month during the 12-months' period involved would amount to more than 1 per cent per annum on the entire principal debt for the year. For the second month the plaintiff appears to have collected 43 cents in excess of the maximum rate of interest allowed by the act in question, this excess alone amounting to almost as much as one month's interest at the rate of 3 per cent per annum on the principal debt of $187 then outstanding. Other monthly collections of interest show overcharges, while some of them show undercharges; but, if further details are desired, the table set out above affords a sufficient basis therefor.

The question then is: What effect, if any, do such overcharges have on the bill of sale as evidence of plaintiff's alleged title? The small loan act of 1920 allows of but one answer. While it allows to lenders of small sums who comply with its provisions the unusual privilege of charging and collecting interest thereon at the rate of 3½ per cent per month, or 42 per cent per annum, where other persons are allowed only 8 per cent per annum, it also provides the unusual penalty of forfeiture of both principal and interest for one who undertakes to do business under its provisions, and who, in any manner whatsoever, contracts for *or receives*, either directly or indirectly, anything whatsoever in excess of its provisions for money thus loaned. In the language of the act:

"If (any) interest or charges in excess of those permitted by this act shall be charged, contracted for or received, the contract of loan shall be null and void and the licensee shall have no right to collect or receive any principal, interest or charges whatsoever."

It necessarily follows that the plaintiff was not entitled to recover.

[2] 2. Aside from such excessive charges of interest, does the plaintiff show any right to charge or collect interest even at the rate of 3½ per cent per month in accordance with the provisions of the small loan act of 1920? From section 1 of that act it emphatically appears that the privilege of charging such a high rate of interest is allowed only to those who are bonded and licensed in accordance with the subsequent sections of the act. In this case the plaintiff failed to show that he was such a licensee. Proof of that fact, if it is a fact, was necessary to bring him within the prospective provisions of that act and establish his right to the rate of interest claimed by him. In short, it was essential to his case, since the payments as made amount to more than enough to cover the principal debt and interest thereon at the rate of 8 per cent per annum. Again, by section 8 of that act it is provided:

"No person, copartnership or corporation so licensed shall make any loan provided for by this act under any other name or at any other place of business than that named in the license. Not more than one place shall be maintained under the same license, but the licensing official shall issue more than one license to the same licensee upon the payment of an additional license fee and the filing of an additional bond for each license."

While the debt in question was payable to "S. Jay Masters, or order, or bearer," yet it appears from the evidence that the contract was negotiated for him by the Southern Security Company, through its manager. Not only is it a matter of doubt as to which of them, if either, is a licensee under the Act of 1920, but the evidence utterly fails to disclose at whose place of business the loan was made. In order to come within the terms of the act, the loan must have been made at the place of business named in the license issued to the licensee; and since this loan was made in the name of S. Jay Masters, and a licensee cannot lawfully make such a loan in any name other than his own, it was essential to plaintiff's case to show that he was a licensee, and that the loan was made at his authorized place of doing such business. Without such proof, the payments made are ample to cover the principal debt and interest thereon at 8 per cent per annum. Section 14 of the Act of 1920 provides, in part, that:

"Every licensee shall deliver to the borrower at the time the loan is made a statement * * * showing * * * the name and address * * * of the borrower and of the licensee."

The document introduced in evidence by the plaintiff to establish his compliance with this provision does not contain his own name, or the name of the Southern Security Company, or the address of any other person or concern as such lender. It does state the name and address of one of the defendants, "In account with Surety Loan Company." For this reason, also, the plaintiff failed to bring himself within the terms of the small loan act of 1920, or establish his authority to collect interest at a rate in excess of 8 per cent per annum. Whether the plaintiff sufficiently showed a compliance by him with the other provisions of that act need not be here considered. The act as a whole is unusually free from ambiguities; and as said by Judge Nisbet in the course of the opinion in Neal v. Moultrie, 12 Ga. 110:

"The exclusion of interpretation, where none is needed, may be stated to be, notwithstanding the absurdity which it involves, the *first rule of construction.*"

In Badger v. State, 154 Ga. 443, 114 S. E. 635, this act was held to be constitutional as against the several attacks there made upon it. The question now presented for decision is whether it makes or destroys the plaintiff's case as proved by him upon the trial in the municipal court. And we hold that every person who seeks to bring himself within the provisions of the small loan act of 1920, so as to be authorized to enforce a contract for interest at the rate of 3½ per cent per month, must, as conditions precedent to such alleged right, show (1) that he was a licensee under this act; (2) that the contract sought to be enforced was made under such license and at the place of business therein designated; (3) that the contract does not upon its face show any violation of this act or failure to comply with its mandatory provisions; and (4) that he delivered to the borrower at the time of the loan the statement prescribed by section 14 of the act. In other words, the burden of proof is upon the plaintiff to establish the apparent validity of the contract upon which he relies for a recovery. Even then the defendant may render the contract null and void by alleging and proving that, subsequent to the execution of such a valid contract, the plaintiff received thereon some one or more of the things prohibited by section 13 of the statute. Applying these principles to the facts of the instant case, the court erred in overruling the certiorari.

Judgment reversed.

Broyles, C. J., and Bloodworth, J., concur.

MARYLAND

The Maryland Industrial Lenders Association held their regular monthly at 7.30 p. m. on Tuesday, September 9th, in the Board Room of the M. & M. Building, 22 Light Street, Baltimore, Maryland.

Companies represented were as follows: Atlas Loan Society, Community Finance Service Co., Baltimore and Hagerstown, Fidelity Finance Corp., Household Finance Service Company, Industrial Loan Co. of Baltimore, Master Loan Service Inc. Equitable, Fayette & Calvert Branches, Personal Loan Society, People's Finance Service Co., Union Loan Company. Among the guests were ex-Chairman C. A. Gardner, Collection Manager, Bragers Dept. Store, Baltimore, Md.; E. F. Moore, Philadelphia, Pa., Supervisor, Household Finance Service Company and People's Finance Service Company; A. E. Montgomery, Vice-President, Newark Cash Credit Company, American Building, Baltimore, Md.

Report of Officers

Secretary Moore reported a membership of 19, 14 of which are members in the A. I. L. A. with dues paid up to February 1, 1925. Three members are in arrears in state dues as of July 1, 1924.

The exchange has a membership of 9, all dues paid for three months in advance, all office fixtures and stationery paid for. All exchange members have a list of their open accounts in the exchange and the exchange will be ready to function no later than October 1, 1924.

Report of Committees

Owing to the enormous amount of work the members have been called on to take care of in connection with the A. I. L. A. Convention no committees have been appointed. Chairman Mattingly expects to appoint a full slate at our October monthly meeting.

Communications

Mr. H. C. Moore, Secretary,
Maryland I. L. Assn.,
2 E. Lexington St.,
Baltimore, Md.

Dear Mr. Moore:

During the year it has come to my attention that the collections of foreign accounts by our members are not receiving the attention they deserve according to action adopted at two of our National Conventions.

The members of the A. I. L. A. have gone on record at least twice to the effect that they would collect foreign accounts for members without additional charge. A number of cases have come to my attention where this service has not been done gratis and a charge has been made.

To clarify this situation, it has been suggested that each State Association Secretary make some investigation in his state among the members of the state and national organizations to ascertain what the general practice is in that state. If the secretaries are too busy to undertake this work it will be appreciated if they will appoint someone who expects to attend the Convention to give an account of the practice in each of their respective states. Your coöperation in this matter will be greatly appreciated.

Very truly yours,
George W. Kehr,
National Secretary.

The above letter from National Secretary Kehr was read and members present were not aware of any association member in Maryland making a charge in collection of foreign accounts.

August 29, 1924.

Mr. H. C. Moore, Secretary,
Maryland Industrial Lenders Assoc.,
Baltimore, Md.

My dear Mr. Moore:

Many people, lenders and others have asked me concerning the size of the Small Loan Business in the United States. Up to this time, I have been unable to make even a reasonable guess on account of the paucity of data published by State Banking Commissioners. I have determined finally to write to the Secretaries of State Associations affiliated with the American Industrial Lenders Association; hence this letter to you.

I would appreciate it greatly therefore, to have you tell me the approximate amount of capital invested in the Small Loan Business in your state. Please omit the amount invested by Remedial Loan Societies and Morris Plan Companies, but include that of loan companies, if any, that are not now members of your association.

Sincerely yours,
Louis N. Robinson,
Director Russell Sage Foundation.

Upon receipt of the above letter from Dr. Robinson, the Secretary got in touch with State Banking Commissioner Page, who kindly sent out a questioneer to every licensee in the State asking for the amount of their investment at the close of business on August 30, 1924. Just as soon as this data is collected, it will be forwarded to Dr. Robinson.

Harrisburg, Pa.,
Sept. 6, 1924.

Mr. H. T. Mattingly,
322 Equitable Building,
Baltimore, Md.

Dear Mr. Mattingly:

Will you please look into the possibilities of broadcasting from a Baltimore radio station the speeches to be made at the Convention banquet by Governor Ritchie, Judge Russell and Mr. A. S. Goldsborough, and let me know what the possibilities are? It has been suggested that possibly some of the addresses would be good to broadcast. I do not know what the radio facilities are in Baltimore but you probably do and can advise us if there is any chance of putting this over.

Very truly yours,
George W. Kehr,
National Secretary.

After the above letter was read a general discussion took place by most all of the members present upon the value of publicity obtained by radio, and Mr. C. A. Gardner was requested to take this matter up with one of our local broadcasting stations and advise our Chairman at his early convenience as to the approximate cost of this service.

Upon motion of Mr. Oliver, seconded by Mr. Moore, the Newark Cash Credit Company, A. E. Montgomery, Vice-President, 309 American Building, Baltimore, Md., was duly elected to membership.

Mr. Goldrick of the Finance Committee reports of having $471.00 toward the expenses of the A. I. L. A. Convention.

Mr. Eckart of the Ways and Means Committee was instructed to coöperate with Mr. Goldrick in the collection of money from those members who have not previously paid toward this fund.

Chairman Mattingly called a special session of the Maryland Association to be held at 7.30 p. m. on Tuesday, September 16th, at the Southern Hotel, at which meeting you will receive a detailed report of the Committee Chairmen covering their progress to date, re National Convention. Every member is requested to be present.

H. C. Moore,
Secretary.

NEW BRITISH BILL TO HIT LOAN SHARK

Women Money Lenders Charging 433 1-3 Per Cent Interest to Poor Victims

LONDON, Sept. 6 (Associated Press).—Women money lenders who loan shillings to the wives of laborers at a penny weekly for each shilling, which is 433 1-3 per cent interest, are likely to have their excessively profitable financial activities curtailed when Parliament reassembles.

A committee of Liverpool women has exposed the methods of these lenders, who work in the poorest districts, supplying pittances to workmen's wives during momentary distress and then, by threats, intimidation and even blackmail, forcing their debtors to filch from their meager housekeeping funds a penny weekly for each shilling borrowed.

Many homes have been broken up and suicides caused, it is said, by the money lenders' threats to expose their debtors, who will generally do almost anything to keep their husbands from finding out that they have borrowed. Of the 1,380 registered money lenders in Liverpool more than 1,100 are women.

A law will be passed regulating the money lenders' activities, but the social workers do not expect that the evil will be entirely eliminated, for the secrecy with which the petty loans are negotiated is a protection to the lenders.—*New York World*, Sept. 7, 1924.

ABRAHAM LINCOLN'S ESTATE

It would seem that quite contrary to the generally accepted idea Abraham Lincoln was by no means a poor man when he died at the hands of John Wilkes Booth in Washington back in the sixties. On the contrary as money was valued in those days, as compared with the present, Lincoln was wealthy. The lack of public information concerning the estate of Mr. Lincoln leaves the presumption that he left no estate, and this impression becomes almost a conviction when occasionally reference is made to his widow, who was ever complaining of her poverty.

According to Judge Davis' report, he of the United States Supreme Court, who administered the estate, Lincoln left $110,294, which would be equivalent to something like a half million in these days, the difference in buying power considered. This estate was divided into three equal parts, going to Mary Todd Lincoln, the widow; to Robert T. Lincoln, who was later Ambassador to Great Britain, and to Thomas, always called "Tad" by his father. Of this sum $57,000 was in registered 7 per cent bonds; about $7,000 in Treasury warrants, issued to him for salary and not paid at the time he was killed. Lincoln's bank balances amounted to several thousand dollars, the remainder of the estate being made up of loans, which it is noted bore interest at the rate of *10 per cent per annum*, and real estate. It is noted that when Lincoln went to Washington from Springfield he was worth about $15,000, and Judge Davis' inventory indicates that the bulk of his savings were from his salary as President, which at that time was $25,000 per annum, a lot of money then, but not much now, according to present standards.—*Saturday Night.*

RECENT CASES IN SUPREME COURTS

The owner of a diamond ring pledged it to another for a loan. The debtor did not pay the loan at its maturity. This did not give the title to the ring to the pledgee or creditor. He held it subject to the right of the debtor to redeem it by paying the debt until the creditor had extinguished this right by lawful foreclosure and sale of the property. Neal *vs.* Heinrichs, Court of Appeals of Missouri, 259 S. W. Rep. 492.

CHEERIO

The rain it poured,
The sea it roared,
The sky was draped in black.

The old ship rolled,
She pitched and bowled,
And lost her charted track.

"Oh dear, oh dear!
Sir, will it clear?"
Loud wailed a dame on deck.

As they heaved the lead,
The skipper said,
"It allus has, by heck!"

Last Call for the

Tenth Annual National Convention

Southern Hotel

Baltimore, Md.

September 24 to 27
1924

INDUSTRIAL LENDERS NEWS

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OCT 30 1924
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THE TENTH ANNUAL CONVENTION

For several reasons the tenth annual convention of the American Industrial Lenders Association, held in Baltimore, September 24th, 25th and 26th, will be memorable. Perhaps that which most helped to make this convention distinguished among its predecessors was the adoption of a Code of Ethics, thus giving to the Association its full status as an organization which formally announces to the world a declaration of principles to which it solemnly gives its adherence and by which it chooses to be judged by all men.

There were many other outstanding features in a convention pronounced by those who attended it as one of the most successful ever held in the Association's history, but it was the consensus that the adoption of the Code of Ethics was most significant, marking the high tide in organized lending and fraught with the happiest potentialities for the good of legitimate lending.

The Code, submitted by the chairman of the Committee on Code of Ethics, Judge J. H. Dyer, was adopted by unanimous vote of the convention at the final session on September 26th, but not until copies of it had been in the hand of members two days for study and consideration, and then only after a protracted debate in which it was discussed and explained section by section.

While the Code's adoption by common consent was considered the most important step taken by the convention, as a whole the meeting was distinguished by the generally constructive tone of the addresses delivered and the discussions upon set topics and other questions suggested by speakers as being pertinent to a general meeting of licensed lenders from every part of the country. The interest in the program was attested by the good attendance that marked every session and by the participation of many in the debates that followed the delivery of addresses.

Contributing to the success of the convention was a superb brand of weather furnished by Baltimore for the occasion. the excellent quality of the program of entertainment by the local committees the annual banquet with its enjoyable menu and its array of distinguished and brilliant speakers, the dance following the dinner, the all-day cruise of Chesapeake Bay, and the generally excellent quality of the three days' program.

There were 255 registered at the convention, among whom were many ladies. members of the families of delegates. The latter were the recipients of the hospitable attentions of the local committee who had arranged a series of sight-seeing tours which left no spot of interest in historic Baltimore unexplored. Luncheons, dances, theatre parties and shopping tours served to add to the enjoyment of the ladies attending the convention.

John H. Aufderheide,
National Chairman-Elect.

The meeting was called to order Wednesday morning, September 24th, in the ball room of the Southern Hotel by National Chairman Charles G. Mueller, of Philadelphia, who introduced the Reverend J. N. Stewart, of Baltimore, who pronounced the invocation. Mayor Howard W. Jackson, of Baltimore, was then introduced for a welcoming address to the delegates.

Mayor Jackson disavowed any attention to speak at length but in a brief talk marked by cordial and sympathetic understanding of industrial lending he told his hearers of the great pleasure it gave him to greet the members and welcome them to Baltimore. He congratulated them for having succeeded in putting the business on a high plane and said that men in public life were in a position to appreciate what they did in affording a means of financing to those classes who did not possess bankable collateral. He commended the efforts made in the past to rehabilitate a necessary business and the efforts now being made by the Association to maintain the business in the high position that had been won for it. In closing his brief address, Mayor Jackson said he had no keys of the city to offer the visitors, as all Baltimore was theirs and nothing would be locked to them.

When the hearty applause that greeted the Mayor's address had subsided a handsome floral basket was brought into the room and placed on the chairman's table. Mr. Mueller announced that the flowers were the gift to the convention of the Chamber of Commerce of Providence, R. I., with its best wishes for a successful convention. He also announced that Providence was a serious contender for the honor of having the eleventh annual convention.

Howard Bryant, of Baltimore, supplemented Mayor Jackson's welcome by a hearty greeting of welcome on behalf of the local members of the Association. Like the Mayor's address, Mr. Bryant's was brief, but his references to the quality of Baltimore's welcome, its absence of keys and its cellars, won the appreciation of his hearers.

Responding to the addresses of the Mayor and Mr. Bryant, National Chairman Mueller expressed the thanks of the Association for the cordiality and earnestness of their welcome, telling them that the lenders present were quite as happy to be in Baltimore as its representatives seemed to be to have them, and briefly alluding to the significance and importance of the occasion of their presence in the city.

The reports of the officers and chairmen of standing committees which then followed were interesting and will be published in full in the Year Book which is now in the making.

The mezzanine dining room of the Southern Hotel was crowded to capacity at the luncheon at 12:30 Wednesday, immediately following the adjournment of the forenoon session. An excellent luncheon was topped off by an address by William F. Broening, former Mayor of Baltimore. Mr. Broening spoke of the present status of industrial lending, of the important place in the economic and social scale of the country it holds, of the ideals of service that marks its operations under equitable laws and paid a tribute to the usefulness and good of licensed lending. He contrasted its present enviable status with that existing before wise and beneficial legislation had lifted it from a plane of outlawry to that of a legitimate, necessary and helpful business, and he quoted figures that showed that the profits from the business under the interest rates permitted

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—H T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
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Pa.—W. S. Herron, 404 Denkla Bldg., Philadelphia.
R. I.—G. E. Rich, 228 Main St., Pawtucket.
Va.—L. E. Pope, 206 E. Grace St., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, W. M. Snow, 465 Congress St., Portland, Me.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.

Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Membership, G. Hodson, 135 Broadway, New York City.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

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Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—H. C. Moore, 2 East Lexington St., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—E. I. McCuen, 417 Rogers Bldg., Jackson.

N. J.—P. L. Alderse, Romaine Bldg., Paterson.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.

R. I.—J. H. Wickstrom, 87 Weybosset St.. Providence.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

by law were not inordinate but fair and comparable in their averages to those obtained in other branches of business.

Mr. Broening's address of a serious and thoughtful motive was succeeded by one by Lafayette Temple, of Baltimore, so decidedly opposite in tone that his hearers were kept in constant laughter for half an hour. Mr. Temple ranged the universe for topics for mock-serious discussion that was thoroughly enjoyed, and his jokes, anecdotes and witticisms made a great hit with his audience.

At the afternoon session Wednesday Chairman Mueller called upon Arthur L. Wick, of Philadelphia, for an informal report of the efforts by himself and Mr. Young, also of Philadelphia, in Portland, Me., which resulted recently in the organization of the licensed lenders in Maine.

The first set address of this session was to have been made by Walter S. Hilborn, Acting Director, Division of Remedial Loans, Russell Sage Foundation, New York City. Mr. Hilborn, however, was unable to be present and his address was read by Secretary Kehr. Mr. Hilborn referred briefly to the legislative activity during the past year and then launched into an attack upon the latest attempt to evade the Uniform Small Loan Law by the salary buying concerns and suggested means of defeating this attempt at the evasion of the law.

"Industrial Loan Personnel of To-day" was the subject of the address of A. G. Zimmerman, Eastern Supervisor, Beneficial Loan Society. Space does not permit us to more than refer to Mr. Zimmerman's admirable address but it, along with others of high character, will be published in full in the Year Book.

Upon the completion of the afternoon's regular program Chairman Mueller called upon William Snow, of Portland, Me., chairman of the newly organized Industrial Lenders Association of Maine. Mr. Snow expressed his pleasure at being present at the convention and said that the Maine Association, while small, was ambitious and hoped to be heard from.

Mr. Harbison, of Chicago, at this point took the floor to read a letter from the Secretary of the Bureau of Conventions in Chicago, inviting the Association to hold its next convention in that city. The invitation was acknowledged and filed with that from the Providence Chamber of Commerce.

At Thursday morning's session Mr. F. B. Hubachek read the report of the Law Committee for his father, F. R. Hubachek, the chairman, who was unable to be present. Colonel Clarence Hodson, of New York, at the close of the report congratulated the younger Mr. Hubachek, expressing his pleasure at seeing him follow in the footsteps of his father, to whose high character, attainments and unselfish devotion to the interests of legitimate lending he paid a graceful and feeling tribute.

A general discussion on phases of the laws governing lending followed, participated in by Colonel Hodson, Mr. Hubachek, Judge Dyer, Mr. Henderson and others.

At its close Chairman Mueller observed Richard B. Russell, Chief Justice of the Supreme Court of Georgia, in the room, and asked him to rise that the convention might greet him. Those present did so by rising also. In turn Mr. Mueller introduced in the same way the State Banking Commissioners of Maryland and New Jersey. Chief Justice Russell acknowledged the greeting in a brief speech of felicitation to the convention on the good attendance and the excellent character of the addresses he had heard.

Arthur L. Wick, Supervisor, People's Finance Service Company, and Household Finance Service Company, Philadelphia, then delivered an address on "The Value and Progress of Credit Exchange Bureaus." No man in the industrial loan field to-day is better qualified to speak on this subject than Mr. Wick and none has given so much of his time to further the Credit Exchange Bureau throughout the East. The gratifying results evidenced by Mr. Wicks's investigation show conclusively that nothing of a more constructive nature has ever been attempted to put the business on a firmer basis than the elimination of "doubling up," and that is one of the Credit Exchange Bureau's greatest accomplishments.

An address was then read by A. B. Madison, Manager, The Master Loan Service, Inc., Atlanta, Georgia, on "Value of and How to Bring About Coöperation Between Industrial Loan Managers and Retail Credit Men." Mr. Madison's address was one of the best appreciated messages brought to the convention and told how a hostile attitude was changed into one of coöperation between the industrial loan managers and retail credit men in Atlanta.

"How Industrial Lenders Can Assist the Retail Credit Man," was the subject of the next address, read by David J. Woodlock, St. Louis, secretary-treasurer, the Retail Credit Men's National Association. Mr. Woodlock held us spellbound as he told us the ways in which our services can be utilized by the retail credit man to the betterment of the communities in which we do business.

Excellent addresses were then delivered by L. E. Pope, Z. B. Applegate, J. W. Markheim and Lee H. Pumphrey on practical and inspirational subjects announced on the program.

At the close of the regular program Chairman Mueller introduced A. B. Mears, President of the Baltimore Association of Commerce, who spoke briefly. Mr. Marsh, Chairman of the Special Committee on the Standardization of Papers, was called upon by Chairman Mueller and he explained what had been done in this direction.

Colonel Hodson took the floor to advocate support by lenders of the Industrial Lenders Mutual Insurance Company, which he urged was invaluable to members as affording them complete coverage. He suggested that its business should be conducted in the office of the National Secretary. Colonel Hodson also emphasized the need of continuing a campaign of information about industrial lending. He said there was a need of missionary work and urged members to buy quantities of the booklet "Making Credit Available to All," recently issued by the Association. He announced that his company would give an initial order for 10,000 copies of this booklet, and said that a total of 50,000 of these booklets would be absolutely inadequate when it was considered that its information should be spread to more than a hundred million of our population.

Mr. Hartz, Chairman of the Committee on Publicity, announced that the notices of the booklet had not been sent out to members until late in September, but that about 40,000 had already been ordered and he expected to find orders for many more awaiting him on his return to his office.

Judge Dyer introduced a resolution, which was adopted, providing for the appointment of a committee to study and investigate the insurance question introduced by Colonel Hodson.

The annual banquet was held Thursday night in the ball room of the Southern Hotel and the large room was filled to capacity. There were many ladies among the diners and their brilliant evening gowns added the final touch of color to the scene. An orchestra at one end of the room alternated with a quartet of singers while an excellent dinner was served.

Chairman Mueller was toastmaster and presided over the speechmaking with his customary wit and happy turns of thought. The speakers were Governor Albert C. Ritchie, of Maryland, Richard B. Russell, Chief Justice of the Supreme Court of Georgia; and A. S. Goldsborough, Secretary, Baltimore Association of Commerce.

We hope to publish what these distinguished men said in the Year Book. Suffice it to say here that their thoughts were the result of mature deliberation and in the main put their stamp of approval upon the business as conducted by the members of the A. I. L. A.

After the speechmaking the ball room floor was cleared and many of the diners danced until after midnight.

Friday's sessions were held aboard the Steamer Alabama of the Old Bay Line on an all-day cruise of Chesapeake Bay. The vessel cast off from the Light Street wharf at half-past ten with a passenger list practically 100 per cent of those attending the convention.

The day was ideal for the trip down the busy harbor of Baltimore and the historic bay, the weather being mild and the sea calm. While the members held sessions in the main dining room on the salon deck the ladies played bridge or danced on the main deck. Luncheon and dinner were served aboard and the salt air sharpened the appetites of the voyagers to the point of keenest appreciation of the meals.

The Alabama steamed down the bay sixty miles before turning back, and docked in Baltimore at 10:30 Friday night. The day was a plesant and unique experience, for it was the first time the Association had ever held a convention session on the seas.

The morning session was devoted to reports and general discussions. Mr. Harbison, speaking for Mr. Woll, Chairman of the Finance Committee, who was unable to attend the convention, spoke of the Association's need for more revenue because of the general practice of paying on a pro rata basis instead of the maximum dues. Treasurer Zumpfe suggested that the needed revenue could be raised if 50 or 100 per cent additional were paid after the pro rata payment. Judge Dyer asked how much more money would be needed in the coming year than was realized in the year just passed, and Secretary Kehr estimated that the Association would require a revenue of $25,000 in the coming year. He suggested that this could be raised by making a membership charge of $1.00 per $1,000 of capital, with a minimum of $10.00. After a general debate participated in by Mr. Baker of Illinois, Judge Dyer, George Hodson, Mr. Baum and Mr. Hartz, a resolution was adopted calling on members for a pledge to pay a voluntary increase of 50 cents a thousand additional or the maximum, effective February 1, 1925.

Chairman Mueller here announced the appointment of Judge Dyer as chairman of a committee to investigate mutual insurance.

The discussion on collection of out of town accounts was among the most spirited of the convention. Mr. Harbison gave instances of the abuse of this privilege and while advocating the retention of the system as one of the advantages of membership in the Association, he suggested that an equitable distribution of the work could be assured by having all such accounts sent direct to the offices of the respective state secretaries, who would allocate the collections in rotation to the various firms in cities where the foreign accounts were to be collected. The discussion was participated in by Messrs. Henderson, Hart, Wick, Baker, Moss and Hartz, and on motion of Mr. Hartz it was decided that hereafter out-of-town accounts be referred for collection to the respective state secretaries. A resolution, introduced by Mr. Harbison, that the Association favors the imposition of a fee of 25 per cent on the collection of out-of-town accounts for nonmembers, also was adopted.

Chas. G. Mueller,
Retiring National Chairman.

At the afternoon session the report of the Nominating Committee was submitted and on motion of Mr. Young of Philadelphia, was adopted unanimously. Mr. Young then moved that the secretary be instructed to cast the ballot of the convention for the entire slate, and the election of the following officers was then announced:

National Chairman, J. H. Aufderheide, Indianapolis.

National Treasurer, Tate J. Harrison, Waterloo, Iowa.

National Secretary, George W. Kehr, Harrisburg, Pennsylvania, reëlected.

Chairman, Auditing Committee, W. M. Snow, Portland, Maine.

Chairman, Law Committee, F. R. Hubachek, Minneapolis, reëlected.

Chairman, Legislation Committee, C. H. Watts, Philadelphia, reëlected.

Chairman, Membership Committee, George Hodson, New York, succeeding Mr. Harrison.

Chairman, Finance Committee, W. P. Woll, Chicago, reëlected.

Chairman, Publicity Committee, Roy F. Hartz, Indianapolis, reëlected.

Mr. Aufderheide was escorted to the speaker's table and the retiring chairman surrendered the gavel to him. The new chairman briefly expressed his appreciation of the honor conferred on him and promised his best endeavors for the good of the Association in his administration of its affairs. He said it was an honor to succeed in office one so just, fair, honorable and lovable as Dr. Mueller.

Dr. Robinson then submitted his report on the Progress of the Survey of the Small Loan Business. It seems that the important work in which Dr. Robinson and his associates have been engaged the past two years is to soon see the light of day, and when published will go a long way toward having all the facts surrounding the small loan business better and more favorably understood.

On motion of Mr. Harbison a rising vote of thanks was given to Dr. Robinson.

Judge Dyer then submitted the report of the Committee on the Code of Ethics. The Code had been read by him at an earlier session of the convention and copies of it had been distributed among members for study. Mr. Hubachek suggested the elimination of Section 5 and the last clause of Section 7 of Article VI, to which Judge Dyer assented. Other minor changes in phraseology were suggested by Mr. Napier and adopted and after extended discussion of the several sections of the Code it was unanimously adopted and ordered printed. The convention then gave Judge Dyer a rising vote of thanks.

A lively debate on the merits of the open office for lending companies followed, Mr. Watts vigorously contending for the system, while Mr. Baker believed that it was not practicable to observe in the transactions between the industrial lender and his client the absence of private offices advocated by some of his conferees.

E. M. Steimle, Secretary, Georgia Association, then read his report of the Georgia Publicity Campaign. This campaign, prompted by the inability of the public to discriminate between the legitimate licensed lenders and the outlaws, is gradually having its effect and the people of Georgia are beginning to realize there is a difference by the constant educational remindings appearing in the most important Georgia periodicals.

Mr. Harrison was called upon by the Chairman and described the operation in Des Moines and Waterloo, Iowa, of an insurance company advertising the lending of money at 6 per cent on chattels. An investigation revealed that applicants for loans from this company were required to take out life insurance payable to the company during the life of the contract. An appeal to the banking department of the state being without result, the newspapers were appealed to, and the company was forced to advertise under the classification of insurance. Eventually the company took out a license to do a lending business at the 3½ per cent rate.

Judge Dyer described the operations along similar lines of two insurance companies in Cleveland, both of which eventually were forced out of business by the state securities department.

On motion of Mr. Hodson a vote of thanks was extended to the retiring officers and the chairman was instructed to purchase a suitable testimonial for presentation to the retiring National Chairman.

The invitation by Providence to hold the 1925 convention in that city was supported by telegrams from the governor of Rhode Island and the Mayor of Providence, and the convention decided that the precedent which alternated the convention meeting place between the East and the West should be set aside and the invitation of Providence accepted. Mr. Wickstrom, of Providence, who had presented the claims of his city, expressed his appreciation of the honor and assured the members that Providence was prepared to make the event notable in the Association's history.

There was some sentiment among the members for an earlier date for the convention than has been heretofore observed, but after Secretary Kehr had explained the practical difficulties in the way of holding it on a date prior to September it was decided to leave the matter to the Executive Committee to fix the date as might be found practicable.

After a vote of thanks to the Baltimore committees and members for their hospitality and the admirable arrangements made and followed out for the meeting, the convention adjourned subject to the call of the National Chairman.

The chairmen of Baltimore committees were as follows: Finance, J. D. Goldrick; Entertainment, E. E. Hougham; Registration, L. H. Pumphrey; Publicity, H. L. Mattingly; Hotel, W. F. Oliver, Jr.; Ways and Means, L. W. Eckhardt.

The attendance trophy awarded to the state which had the largest percentage of its membership in good standing at the convention was won by Maryland, with 78 per cent. The other states listed according to percentages were as follows: Pennsylvania, New Jersey, Rhode Island, Maine, Nebraska, Georgia, Ohio, Michigan, Virginia, Kentucky, Illinois, Indiana, Connecticut, West Virginia, Iowa, and Massachusetts.

The following persons registered:

REGISTRATION LIST.

H. G. McMullin, Equitable Industrial Loan Society, Hartford, Conn.; Mrs. M. M. Moffitt, Washington, D. C.; Howard Brown, Savannah, Ga.; A. B Madison, Master Loan Service, Inc., Atlanta, Ga.; Edw. M. Steimle, Citizens Loan Co., Atlanta, Ga.; Mrs. Bertha Steimle, Atlanta, Ga.; Judge James S. Baldwin, Decatur, Ill.; Fred Huettmann, Chicago, Ill.; Mrs. Fred Huettmann, Chicago, Ill.; John B. Skinner, Roseland Loan Co., Chicago, Ill.; Mrs. J. B Skinner, Chicago, Ill.; F. E. Tyson, Fidelity Loan Co., Danville, Ill.; Mrs. F. E. Tyson, Danville, Ill.; W. I. Marsh, The William I. Marsh Co., Chicago, Ill.; L. T. Baker, Baker & Company, Chicago, Ill.; L. C. Harbison, Chicago, Ill.; James D Lynch, Chicago-Household Loan Co., Chicago, Ill.; C. T. Carlson, Fidelity Loan Co., Chicago, Ill.; A. H. Williams, Chicago, Ill.; B. E. Henderson, Chicago, Ill.; Mrs. B. E. Henderson, Chicago, Ill.; Fred B. Snite, Local Loan Co., Chicago, Ill.; Mrs. Fred B. Snite, Chicago, Ill.; Miss Mary Loretto Snite, Chicago, Ill.; Arthur R. Dana, Chicago, Ill.; Mrs. Arthur R. Dana, Chicago, Ill.; John A. Breen, Citizens Loan Association, Chicago, Ill.; W. A. Zumpfe, Indianapolis, Ind.; Mrs. W. A. Zumpfe, Indianapolis, Ind., J. H. Aufderheide, Commonwealth Loan Co., Indianapolis, Ind.; R. C. Aufderheide, Commonwealth Loan Co., Indianapolis, Ind.; Geo. C. Grinsteiner, Commonwealth Loan Co., Indianapolis, Ind.; T. M. Kaufman, Commonwealth Loan Co., Indianapolis, Ind.; William R. Teel, Teel System, Indianapolis, Ind.; Mrs. Katherine Teel, Indianapolis, Ind.; A. V. Keeney, State Loan Co., South Bend, Ind.; Leroy Sanders, Indianapolis, Ind.; Mrs. Leroy Sanders, Indianapolis, Ind.; Roy F. Hartz, American Loan Co., Indianapolis, Ind.; Mrs. R. F. Hartz, Indianapolis, Ind.; John D. Williams, Community Finance Service, Inc., Indianapolis, Ind.; W. R. Hancock, Model Loan Co., Indianapolis, Ind.; Fred Davies, Legal Loan Co., Kokomo, Ind.; Miss Vern A Markley, Kokomo, Ind.; H E. Arnett, Legal Loan Co., Marion, Ind.; Mrs. H. E. Arnett, Marion, Ind.; H. H. Burrell, State Loan Co., South Bend, Ind.; Joseph Baum, Indiana Loan Co., Fort Wayne, Ind.; Tate J. Harrison, State Loan Co., Waterloo, Iowa; R. M. Rutherford, Provident Loan Association, Louisville, Ky.; W. M. Snow, W. M. Snow & Co., Portland, Maine; Mrs. Blanche R. Snow, Portland, Maine; A. Russell Buchman, Alesia, Md.; W. J. Barrett, Jr., Baltimore, Md.; Mrs. W. J. Barrett, Jr., Baltimore, Md.; S. J. Masters, The Master Loan Service, Inc., Baltimore, Md.; E. E. Hougham, Atlas Loan Society, Baltimore, Md.; Mrs. E. E. Hougham, Baltimore, Md.; G. W. Tyler, Community Finance Service, Inc., Hagerstown, Md.; H. C. Moore, Peoples Finance Service Co., Baltimore, Md.; L. F. Eckhardt, Peoples Loan Society, Baltimore Md.; C. L. Smith, The Master Loan Service, Inc., Baltimore, Md.; H. T. Mattingly, The Master Loan Service, Inc., Baltimore, Md.; Mrs. H T. Mattingly, Baltimore, Md.; Lee H Pumphrey, The Master Loan Service, Inc., Baltimore, Md.; James D. Goldrick, Union Loan Co., Baltimore, Md.; W. N. Schwaab, Household Finance Service Co., Baltimore, Md.; G. H Lappe, Community Finance Service, Inc., Baltimore, Md.; Honorable G W Page, Baltimore, Md.; George Holden, Baltimore, Md.; A. W. Mears, Beneficial Loan Society, Baltimore, Md.; Mrs. A. W. Mears, Baltimore, Md.; M. L. Book, Household Finance Service Co., Baltimore, Md.; F. H Riefner, Community Finance Service, Inc., Baltimore, Md.; N. W. Fern, Community Finance Service, Inc., Baltimore, Md.; Miss M E Fairall, Community Finance Service, Inc., Baltimore, Md.; John E. Turner, Community Finance Service, Inc., Baltimore Md.; Mrs. J. E Turner, Baltimore, Md.; J. Niemeyer, Master Loan Service, Baltimore, Md.; W. F. Oliver, Fidelity Finance Corp., Baltimore, Md.; Mrs W Oliver, Baltimore, Md.; F. M. Ebert, Household Finance Service Co., Baltimore, Md.; Mrs. F. M. Ebert, Baltimore, Md.; Wm. B. Brooks, Newark Cash Credit Co., Baltimore, Md.; Miss V. Nolen, Household Finance Service Co., Baltimore, Md.; R. L. Smith, The Master Loan Service, Baltimore, Md.; A. E. Potter, Household Finance Service Co., Baltimore, Md.; B. C. Lotz, The Master Loan Service, Baltimore, Md.; R. A. Long, Master Loan Service, Baltimore, Md.; F. E. Goodrich, Master Loan Service, Baltimore, Md.; Mrs. A. E. Potter, Baltimore, Md.; T. V. O'Connell, Master Loan Service, Baltimore, Md.; Mrs. H. C. Moore, Baltimore, Md.; C. Howard Hood, Industrial Loan Co., Baltimore, Md.; Sadtler Nolen, Peoples Finance Service Co., Baltimore, Md.; Mrs. Anna Nolen, Baltimore, Md.; Miss A. Nolen, Baltimore, Md.; Carroll S. Phillips, Peoples Finance Service Co., Baltimore, Md.; Wm. J. Delcher, Jr., Baltimore, Md.; D. F. Shettle, Master Loan Service, Baltimore, Md.; Mrs. G. W. Tyler, Hagerstown, Md.; Mrs. J. D. Goldrick, Baltimore, Md.; H. J. Dosermaux, American Loan Society, New Bedford, Mass.; Miss A. Mae Law, Fairhaven, Mass.; H. H. Jordan, Grand Rapids, Mich.; Mrs. H. H. Jordan, Grand Rapids, Mich.; Irving H. Stroup, Industrial Mortgage and Investment Co., Grand Rapids, Mich.; Mrs. I. H. Stroup, Grand Rapids, Mich.; J. J. Bentley, Interstate Collateral Loan Co., Detroit, Mich.; Mrs. Norma Bentley, Detroit, Mich.; F. B. Hubachek, Minneapolis, Minn.; David J. Woodlock, Retail Credit Men's National Association, St. Louis, Mo.; J. H. Wasserburger, Omaha Loan Co., Omaha, Neb.; Vernon L. Buchman, American Equity Corporation, Trenton, N. J.; T. A. McNicholas, New Jersey Department of Banking and Insurance, Newark, N. J.; J. V. Long, Standard Loan Co., Jersey City, N. J.; Walter Igoe, Peoples Loan Co., Jersey City, N. J.; Nicholas Marinello, Community Finance Service, Inc., Camden, N. J.; H. Draverman, Newark, N. J.; Fred C. Blatt, Community Finance Service, Elizabeth, N. J.; Mrs. Fred C. Blatt, Elizabeth, N. J.; C. S. Thompson, Community Finance Service, Jersey City, N. J.; Mrs. C S Thompson, Jersey City, N. J.; W. P. Hansche, Community Finance Service, Newark, N. J.; Donald H. Cameron, Gibraltar Loan Society, Newark, N. J.; A. C. Christensen, Beneficial Loan Society, Jersey City, N. J.; Mrs. A. C. Christensen, Jersey City, N. J.; Taylor O Wardin, Community Finance Service, Atlantic City, N. J.; Mrs. Viola D. Wardin, Atlantic City, N. J.; J. J. Irish, Peoples Finance Service Co., Jersey City, N. J.; G. J. Badger, Newark Cash Credit Co., Asbury Park, N. J.; A. E. Montgomery, Newark Cash Credit Co., Jersey City, N. J.; Ellwood H. Lambert, Guarantee Loan Co., Camden, N. J.; A. J. Simonson, Peoples Finance Service Co., Newark, N. J.; Mrs. A. J. Simonson, Newark, N. J.; P. L. Alberse, Protective Investment Co., Paterson, N. J.; F. B Merritt, Middlesex Finance Co., New Brunswick, N. J.; Mrs. F. B. Merritt, Highland Park, N. J.; N. L. Noteman, National Loan Society, New Rochelle, N. Y.; S. Weithirn, Cosmopolitan Loan Co., Buffalo, N. Y.; A. G. Zimmerman, Beneficial Loan Society, New York City; Clarence Hodson, Beneficial Loan Society, New York City; George Hodson, Beneficial Loan Society, New York City; M. L. Anderson, Mansfield Provident Co., Mansfield, Ohio; J. B.

Merriman, Empire Finance Co., Akron, O.; Mrs. J. B. Merriman, Akron, O.; T. R. Schoonover, City Loan & Savings Co., Lima, Ohio; F. J. Schneider, The Household Finance Co., Cleveland, O.; Mrs. F. J. Schneider, Cleveland, O.; L. K. Osborne, The Capitol Loan Co., Columbus, O.; C. G. Liggett, Beneficial Loan Society, Dayton, O.; Fred B. Hill, Capitol Loan Co., Columbus, O.; Mrs. Fred B. Hill, Columbus, O.; Col. D. H. Pond, Economy Savings & Loan Co., Cleveland, O.; W. W. Taylor, Security Loan Co., Sandusky, O.; J. Fred Anderson, Secretary Ohio Loan Association, Springfield, O.; C. C. Woodley, Toledo Collateral Loan Co., Toledo, O.; Mrs. Ina Woodley, Toledo, O.; J. H. Dyer, Ohio Finance Co., Columbus, O.; Mrs. J. H. Dyer, Columbus, O.; Edna King, Youngstown Loan Co., Youngstown, O.; G. J. Dirksen, Community Finance Service, Inc., Columbus, O.; Richard McHugh, Community Finance Service, Philadelphia, Pa.; Wm. S. Wright, Atlas Loan Society, Philadelphia, Pa.; Mrs. Wm. S. Wright, Philadelphia, Pa.; L. G. Broce, Community Finance Service, Inc., Pittsburgh, Pa.; Mrs. L. G. Broce, Pittsburgh, Pa.; M. Hartman, Interstate Collateral Loan Co., Pittsburgh, Pa.; James P. Gill, Community Finance Service, Inc., Altoona, Pa.; D. L. Gill, Community Finance Service, Inc., Pittsburgh, Pa.; Mrs. D. L. Gill, Pittsburgh, Pa.; C. J. Wallace, Community Finance Service, Inc., Johnstown, Pa.; Mrs. C. J. Wallace, Johnstown, Pa.; Bert E. Cronk, Community Finance Service, Inc., Wilkes-Barre, Pa.; Mrs. Bert E. Cronk, Wilkes-Barre, Pa.; R. G. Booth, Community Finance Service, Inc., Philadelphia, Pa.; J. William Markeim, Community Finance Service, Inc., Philadelphia, Pa.; Mrs. Bessie D. Markeim, Philadelphia, Pa.; Glenn S. Knapp, Community Finance Service, Inc., Philadelphia, Pa.; Walter S. Herron, Hamilton Loan Society, Philadelphia, Pa.; Wm. F. Buck, Hamilton Loan Society, Philadelphia, Pa.; M. E. Goldman, Peoples Finance Service Co., Wilkes-Barre, Pa.; Mrs. M. E. Goldman, Wilkes-Barre, Pa.; Harry P. Gatter, Peoples Finance Service Co., Philadelphia, Pa.; Mrs. Harry P. Gatter, Philadelphia, Pa.; M. L. Dobyns, Guarantee Loan Co., Philadelphia, Pa.; J. W. Batezel, Household Finance Service Co., Philadelphia, Pa.; V. D. Moss, Guarantee Loan Co., Philadelphia, Pa.; J. G. Lobb, Peoples Finance Service Co., Philadelphia, Pa.; G. C. Fegley, Lancaster Loan Co., Lancaster, Pa.; Mrs. G. C. Fegley, Lancaster, Pa.; V. P. Allgaier, Peoples Finance Service Co., Scranton, Pa.; John G. Bachofer, Peoples Finance Service Co., Reading, Pa.; Mrs. J. G. Bachofer, Reading, Pa.; J. C. Lewis, Peoples Finance Service Co., Norristown, Pa.; C. R. Fahringer, Peoples Finance Service Co., Pittsburgh, Pa.; Mrs. C. R. Fahringer, Pittsburgh, Pa.; Arthur L. Wick, Peoples Finance Service Co., Philadelphia, Pa.; Mrs. Arthur L. Wick, Glenside, Pa.; F. G. Hart, Peoples Finance Service Co., Easton, Pa.; Mrs. F. G. Hart, Easton, Pa.; Alfred S. Ezekiel, Provident Loan Co., Philadelphia, Pa.; Mrs. Ella S. Ezekiel, Philadelphia, Pa.; H. E. Burt, Peoples Finance Service Co., Chester, Pa.; Mrs. Emma B. Burt, Chester, Pa.; Z. B. Applegate, Guarantee Loan Co., Philadelphia, Pa.; William Young, Community Finance Service, Inc., Philadelphia, Pa.; Mrs. Ethel M. Young, Philadelphia, Pa.; Jas. A. Lyons, Guarantee Loan Co., Philadelphia, Pa.; J. Mahoney, Guarantee Loan Co., Philadelphia, Pa.; Jos. F. Devine, Logan Investment Society, Philadelphia, Pa.; Mrs. Jos. F. Devine, Philadelphia, Pa.; C. H. Watts, Peoples Finance Service Co., Philadelphia, Pa.; J. J. O'Neill, Peoples Finance Service Co., Allentown, Pa.; George R. Lobb, Peoples Finance Service Co., Philadelphia, Pa.; Mrs. Geo. R. Lobb, Philadelphia, Pa.; E. F. Moore, Philadelphia, Pa.; Mrs. E. F. Moore, Philadelphia, Pa.; L. F. Eisenhut, Hamilton Loan Society, Chester, Pa.; Dr. Louis N. Robinson, Swarthmore, Pa.; Dr. Charles G. Mueller, Community Finance Service, Inc., Philadelphia, Pa.; Mrs. Charles G. Mueller, Philadelphia, Pa.; Mrs. J. J. O'Neill, Allentown, Pa.; George W. Kehr, Coöperative Loan and Investment Co., Harrisburg, Pa.; Mrs. George W. Kehr, Harisburg, Pa.; A. V. Hart, Hart Loan Society, Philadelphia, Pa.; Harvey G. Zwally, Community Finance Service, Inc., Reading, Pa.; Mrs. H. G. Zwally, Reading, Pa.; Harry A. Hollworth, Provident Loan Co., Sharon, Pa.; P. Huenkeimin, Community Finance Service, Inc., Scranton, Pa.; Mrs. Frances Huenkeimin, Scranton, Pa.; Fred H. Lovegrove, Mutual Finance Service Co., Providence, R. I.; Mrs. Fred H. Lovegrave, Providence, R. I.; J. H. Wickstrom, Peoples Finance Service Co., Providence, R. I.; Mrs. Marguerite Wickstrom, Providence, R. I.; F. N. Kennon, Peoples Finance Service Co., Pawtucket, R. I.; Mrs. Frank Kennon, Pawtucket, R. I.; George E. Rich, Mutual Loan Association, Pawtucket, R. I.; Mrs. Meril Rich, Pawtucket, R. I.; J. A. Long, Lynchburg Loan Society, Lynchburg, Vo.; A. B. McMurtrie, Personal Small Loan Corporation, Richmond, Va.; Frank Bray, Citizens Loan Society, Norfolk, Va.; W. H. Appleby, Norfolk Security Co., Norfolk, Va.; Mrs. W. H. Appleby, Norfolk, Va.; L. E. Pope, United Small Loan Corporation, Richmond, Va.; Mrs. L. E. Pope, Richmond, Va.; Judson J. Price, Roanoke Loan Society, Roanoke, Va.; Mrs. J. J. Price, Roanoke, Va.; C. R. Porter, Norfolk Loan Society, Norfolk, Va.; H. L. White, State Loan Co., Wheeling, W. Va.; Wm. B. Grimes, West Virginia Loan Co., Charleston, W. Va.; Mrs. H. L. White, Wheeling, W. Va.; Mrs. Wm B. Grimes, Charleston, W. Va.

NATIONAL CONVENTION BANQUET PHOTOGRAPHS

Any who may desire photographs of the national convention banquet can obtain them from the photographers, James F. Hughes Co., 205 W. Fayette St., Baltimore, Md., upon request at the cost of one dollar each.

THE REGULATION OF PAWNBROKING

Dr. Robinson announced at the National Convention that one of the first fruits of his labor was now available in a 63-page pamphlet by R. Cornelius Raby, of the legal department of the Provident Loan Society of New York, entitled "The Regulation of Pawnbroking." This pamphlet is published by the Russell Sage Foundation, 130 East Twenty-second St., New York, under its Small Loan Series, and will be supplied by it upon application, for fifty cents.

YEAR BOOK

On account of the fact that important news is crowding for our limited space, it has not been possible to elaborate upon many of the interesting incidents of the Baltimore Convention. We have especially been denied extracts from the many interesting addresses that were made upon this occasion, but don't worry, all of these masterpieces will be published in full in the Year Book, which we hope to have out at a season when night reading is a pleasure. This job involves considerable detail work and one of the features, at least, calls for the united coöperation of the whole A. I. L. A. membership. As before, we shall publish a complete directory of the members with their local addresses according to states, but we can include only in this directory such members as are in good standing; that is, members who have paid their dues for the current year. All members will receive this book without additional cost and it will be sold to others at $1.00 per copy. The directory itself is of great value in the matter of handling skip collections. It will also enable members to know when to charge 25% for the collection of foriegn accounts and when not to do so.

CODE OF ETHICS

As directed by the National Convention, the 10,000 copies of the "Code of Ethics" adopted unanimously by the convention, have been ordered and will be distributed on the basis directed, namely, one copy for each dollar of dues contributed to the National Association during the past year. That means members who paid the minimum dues of $10.00 per annum will receive 10 copies, and those who pay the maximum dues will receive 100 copies. If any member desires an additional number of copies for educational work in his community, they can be had upon application to the National Secretary for the cost of printing and postage.

MAINE

The second meeting of the Maine Industrial Lenders Association was held on the evening of October 9th, at the office of the chairman, Wesley M. Snow, at his office in Portland.

The minutes of the last meeting were read and approved.

Committee on By-Laws reported and it was voted to adopt by-laws as used by the Rhode Island Association.

It was moved and voted that the secretary attend to the matter of stationery.

Voted not to have the by-laws printed until the next semi-annual dues are paid.

It was voted that the chairman and secretary decide when and where the next meeting be held and that said meetings be held quarterly.

Treasurer reported that there was $46.85 now in treasury.

Very interesting remarks were made by Chairman Mr. Snow, telling us about his wonderful trip to National Convention. Henri S. Crosby, *Secretary.*

Here is another slant at the above meeting written to Mr. Wick by Mr. Crosby:

Dear Mr. Wick:

I am very pleased to be able to write you and say that at the second meeting of the Maine Association held on the 9th of October, in Portland, at the office of the chairman, Mr. Snow, that there were ten members present; in fact, every one but Mr. Waterhouse, who spends the winter in Boston, and Mr. Nevens, who does not feel like getting around until he gets his new artificial leg. I think this was remarkable, and Mr. Bernstein came all the way from Bangor, which shows that he is very much interested and is going to be one of the live members.

I trust that my next letter will be written on the new stationery, as it was voted for the secretary to attend to this matter, and although we appreciate your kindness in offering to attend to this for us, I must inform you that our treasurer is a very conservative man and said printing must be done nearer home.

We adopted by-laws same as used by Rhode Island and same that was submitted by yourself. Next meeting is to be held at Lewiston, and us boys located here are going to put on a time that will have the reporters offering bribes to get in—same to be held some time in January.

I am returning sketches you loaned and will say that we voted not to use same. I think expense is one reason.

Mr. Snow gave us a very interesting talk on his trip to Baltimore, and I would not be surprised if the whole Maine Association was represented at Providence in 1925.

The boys, I think, would like to receive set of papers as used by your company and would appreciate same at your convenience.

I am sending copy of report of meeting to Mr. Kehr.

I think the Maine Association is getting started right, and personally I want to thank you for waking us fellows up.

With best regards, I am,

Very sincerely yours,
(Signed) Henri S. Crosby,
Secretary.

USURY AND USURY LAWS

By Franklin W. Ryan.

Whether legislatures should attempt to fix maximum rates of interest on loans is a problem that has puzzled economists and legislators for centuries. The aim of the present inquiry is to work out a method of approach to this problem. Several dynamic questions are involved. The business man wants to get rid of the old anarchronistic usury laws now on the statute books of 43 of the states. The social worker and legislator want to get rid of loan sharks. The legitimate small lender wants to make a fair profit on his operations. The abstract economist wants to know why 43 states insist on keeping the usury laws in force in spite of the generally accepted theory of interest which is that money rates are determined by economic laws independently of statutes. After a brief historical approach, and an analysis of the problem of usury into its constituent elements, the author works out answers to all these questions.

There exists, within the limits of the science of jurisprudence, an inarticulate evolving body of economic thought, apart from but parallel to the systems as developed by the economists. This field of thought is sometimes called juristic economics. The problem of usury goes into it. Whether society ought to establish statutory maximums for loan charges is much more than a question in the abstract economic theory of interest. It is a problem touching not only the domain of economic theory but also the fields of legal theory and governmental science.

The study proceeds to its conclusions working with and studying the functioning living organization of American economic society and analyzing some of the mechanisms, forces and interrelations which compose this economic structure. It finds in the American business structure a chronic disorder in which unsound financial legislation obstructs and interferes with the smooth interplay of economic forces and it attempts to discover a remedy. Its answer to the problem of the business world is that there is a way to get rid of these troublesome old usury laws. Its answer to legislators is that loan sharks and moral usury can be and are being eliminated in those states which have enacted the new Uniform Small Loan Law with its administrative features. Its answer to the farmers' problem is that far more effective devices than usury laws for reducing interest rates on farm loans have already been discovered and perfected and are now in use.

The book will be of immediate value to the small lenders and pawnbrokers who, though they never are found among the ranks of millionaries, are branded as "usurers" and "loan sharks." Every progressive commercial banker will want the book in his libary since it covers every phase of the interest problem. It will find a place in every economic library. The business man who finds time for reflection on social matters will find it stimulating. But its chief value will be to lawyers and legislators as it makes some real contributions to legal theory and governmental science. Mr. Ryan is instructor in Banking in the Harvard Business School, and for the last five years has been doing research work in the fields of finance, law and government.

This book is crown 8vo, and will be sold for $2.50 by the publishers, Houghton, Mifflin & Co., New York, or any retail book dealer.

Reginald Heber Smith's comment upon Mr. Ryan's book is expressed in the following telegram to Col. Hodson:

"I have just examined the page proof of Ryan's book. Every member of the American Industrial Lenders Association will enjoy reading it because it is a statement of the truth by an impartial scholar."

Reginald Heber Smith.

SUPREME COURT DECISION JUST RENDERED

Easy Term Loan Company *vs.* Joseph Silberman, Nathan Kapnek and David Biebelberg.

On appeal from the First District Court of Newark.

Before Justices Kalisch, Katzenbach and Lloyd.

The plaintiff, a corporation, brought two separate actions upon two promissory notes of $300.00 each against the defendant in the court below. The notes were of even date and of the tenor following:

"Loan No. 110
"$300.00 License No. 94
"Newark, N. J., March 13, 1922.

"On demand after date I promise to pay to the order of Easy Term Loan Company, three hundred dollars in weekly payments of twelve dollars per week, with interest at the rate of 3% per month, at the office of the Easy Term Loan Company, 22 Belmont Ave., Newark, N. J.

"In default of any payment of the principal or interest, or both, the total sum then due with the interest thereon shall immediately become due and payable, at the option of the Easy Term Loan Company.

"Dave Biebelberg.
"Endorsed: Joseph F. Silberman.
"Nathan Kapnek."

The other note, No. 111, signed by Joseph Silberman, and endorsed by Nathan Kapnek and David Biebelberg.

The cause to recover on loan note 110 was tried before the court, without a jury, and the stated case consisted of the certified transcript of the testimony taken and of the rulings of the court, at the trial, and it discloses that a motion on behalf of the plaintiff to overrule the defense and to give judgment for the plaintiff against the defendants was denied by the court, and that an exception was taken and that judgment was rendered by the court for the defendants.

The case on loan note No. 111 was not tried, and by stipulation of counsel was to abide the result of the present case now before us on plaintiff's appeal from the judgment given against it on loan note No. 110.

The plaintiff company was licensed to do business under an act entitled "An act to define, regulate and control the business of the making of loans or advancements of money in sums of three hundred ($300) dollars or less in amount, and to regulate the assignment of wages when given as security for any such loan or advancement."

By Section 5 of the act, page 79, it is provided that no loan or advancement greater than $300 shall be made to any person, nor shall any one person owe such licensee more than $300, at any time.

Section 6 provides, inter alia, that the violation of any of the provisions of the act shall be a misdemeanor, and that every loan in connection with which such violation shall have occurred shall be absolutely null and void, and the borrower shall be entited to recover from the lender any or all sums of money paid or returned on account of, or in connection with, such loan.

There was testimony in the case which tended to show that Kapnek borrowed $600 of the plaintiff, and in order to circumvent the statute and thus commit a fraud upon it, it was agreed between the parties that the loan of $600 made by the plaintiff to defendant Kapnek, should be represented by two distinct loan notes of $300 each, one to be signed by Biebelberg and the other by Silberman, Kapnek to be an endorser upon each. The plaintiff denied that Kepnek was the borrower, and that there was any such agreement as testified to on behalf of the plaintiff. A disputed question of fact was presented, which was decided by the trial judge adversely to plaintiff, and his finding on the facts is not reviewable.

The principal point made and relied on in the brief of counsel of appellant for a reversal of the judgment is that the court erroneously permitted the defendants to introduce parol testimony to "vary and alter a written document upon which the suit was based."

The defense set up against the plaintiff's right of recovery was fraud and illegality in the transaction. That fraud and illegality in a contract may be established by parol testimony is too firmly estabished to need the citation of any authorities in support of the proposition. The cases cited on appellant's brief do not assert the contrary. Fraud or illegality in the contract is an exception to the general rule that parol testimony is inadmissible to vary or alter the terms of a written contract.

In the light of the cases cited, the testimony, impugned by appellant's counsel as incompetent, was clearly component and properly received, for it tended to establish that the transaction between the plaintiff and defendants was an attempt to circumvent the express mandate of the statute, that no loan for more than $300 shall be made to any person, nor shall any one person owe the lender more than that amount at any one time, and, hence, was a violation of and a fraud upon the statute, and that the loan notes of $300 each were the direct product of such fraudulent design.

The judgment is affirmed, with costs.

NEW JERSEY

The regular monthly meeting of the Newark Lenders Exchange was held at Stetters on Thursday, October 9, 1924, at which the following companies were represented: Peoples Finance Service, Inc., Provident Loan Society, Beneficial Loan Society, Community Finance Service, Inc., Industrial Loan Society, Gibraltar Loan Society, Metropolitan Finance Service, Emergency Loan Company, Bureau of Finance.

A general discussion took place among the members as to each member using regulation size paper in sending through their lists and it was decided that all members were to use at least one-half sheet of paper in reporting their lists, whether there were any applications on same or not. It was also decided that each member, when checking over the lists each morning, was to stamp the name of the company at the bottom of the sheet and the initials of the person checking up the list.

The application of the Franklin Loan Society to become a member of the Exchange, presented by Mr. Steur, the chairman, upon motion was accepted by the Exchange, contingent on the report of a special committee, consisting of Messrs. Whitstone and Cameron, who are to investigate the said company.

Upon motion, which was duly seconded, the Exchange ordered that all offices should be closed on Monday next, October 13, 1924, Columbus Day, the same being a legal holiday, and that all Exchange offices will close on all future bank holidays. It was also regularly moved and seconded that the Exchange hold regular monthly meetings hereafter on the second Thursday of each and every month.

The Exchange had as its guest Mr. Wick, of Philadelphia, who spoke at length on the establishing of a Central Exchange in Newark, the same as is now being operated in Philadelphia and Baltimore. He spoke of the wonderful possibilities of such a bureau, which would entirely eliminate the chances of doubling up. He explained in detail as to how these were operated in conjunction with the local Chambers of Commerce, and after much discussion a committee consisting of Messrs. Davis, Simonson and Bishoff, was appointed to look into the matter, which is to be further considered at the next meeting.

There being no further business the meeting was adjourned until Thursday, November 13, 1924.

W. P. Hansche, *Secretary.*

IN THE COURT OF CIVIL APPEALS, KNOXVILLE

May Term, 1924.

C. G. Line
vs.
B. H. Acuff
and
Walter Fretwell
vs.
B. H. Acuff
and
A. A. Russell
vs.
B. H. Acuff
and
J. J. Gardner
vs.
B. H. Acuff

Knox Law

Opinion.

Clark, Judge:

The above cases are instituted separately before a justice of the peace. From a judgment in each case in favor of plaintiff and against defendant, defendant appealed to the Circuit Court of Knox County. There the cases were tried together before the Circuit Judge without the intervention of a jury and resulted finally in a judgment in each case in favor of defendant and against the plaintiff for the costs of the cause. Plaintiffs' motions for a new trial having been overruled, they appealed to this court and have filed sixteen assignments of error. We will dispose of the cases together.

In the case of G. C. Line vs. B. H. Acuff, the defendant was summoned to appear before the justice of the peace, "To answer complaint of G. C. Line in a plea of debt due by money had and received in violation of the laws of the state of Tennessee under $500.00."

In the case of Walter Fretwell vs. B. H. Acuff, the defendant was summoned to appear before the justice of the peace, "To answer the complaint of Walter Fretwell in a plea of debt due by money had and received in violation of law under $500.00."

In the case of A. A. Russell, the defendant was summoned to appear before the justice of the peace, "To answer the complaint of A. A. Russell in a plea of debt due by money had and received in violation of the laws of the state of Tennessee under $500.00."

In the J. W. Gardner case, the defendant was summoned to appear before the justice of the peace, "To answer the complaint of J. W. Gardner, in a plea of debt due by money had and received in violation of law under $500.00."

The cases were heard together in the Circuit Court of Knox County, May, 1923. At the conclusion of all the proof the Trial Court said:

Gentlemen: I can settle part of this and part of it I cannot without your very generous assistance: Mr. Burrows and Mr. Hodges, I have reference to. I once said that this contract was an assignment of wages, as I viewed the case that was then tried. That case went up, however, and was reversed on the ground that I did not let that question go to the jury. We cannot do that in this case; cannot have a jury pass on it for a jury trial, and I am sorry that a jury could not have considered that question, and I will let it go to the Appellate Court to say what kind of a contract it was, *whether it was an assignment or whether it was a loan.*

Now, in order further to light my steps I would have to follow my earlier footsteps. I had nothing to light my steps in the other case; I had to blaze my own way. There has been no construction on this statute as I recall, and *I therefore held that it was a loan and not an assignment.* But now there has been, since then a construction of this statute which clearly constitutes a loan. *The Supreme Court have held that it constituted a loan and not an assignment. I am bound to conform my action to that opinion of the court defending what a loan is, and in the light of that holding I am compelled to find that this was a loan and not an assignment.* Now, that part of it I have no difficulty in determining, gentlemen, and that this transaction must be determined under this loan.

State that has been read here by Mr. Burrows (ch. 62, Acts 1917).

Following out the law as laid down on this statute, I must ask you gentlemen to take the case, with my opinion of what the transaction was,—that it was a loan,—and figure out according to that statute—you are both very handy with figures; I know that personally—and see if you can figure out the amount that the respective plaintiffs are entitled to recover in accordance with that statute, allowing the defendant six per cent interest, plus the fees fixed by statute.

I will hold up my judgment and get you gentlemen to help me figure that. I will say very frankly that I could not arrive at that without going over the proof very thoroughly again. I took as many figures as I could get, and if you gentlemen have any difficulty I will join with you and see if we cannot figure it out. I will say that you may take the amount of the loan as testified to by the respective plaintiffs and figure that as the basis of the loan, now I was very careful to put them down. Line borrowed $85.00; Gardner borrowed $20.00; Fretwell borrowed $45.00, $20.00 once and $25.00 at another time; and Russell borrowed $20.00. Now take that as a basis, gentlemen, and you and Mr. Hodges can no doubt figure it out. I don't know of two more clever men of figures at the bar.

Mr. Burrows: Then if your honor pleases, we will have to take the amount they claimed that they paid back.

The Court: That is true, Line claims that he paid $642.00, Gardner paid $240.00, Fretwell paid $120.00, and Russell paid $267.00.

Mr. Hodges: Your honor allows the fees provided by Section 9?

The Court: I allow the fees provided by that statute.

Mr. Hodges: And six per cent interest?

The Court: Yes.

Mr. Burrows: As I understand it, they would forfeit all fees. What is your holding on that?

The Court: Well, I think we will pursue the other course. I am not willing to proceed on the theory that these men were deliberately carrying on a loan business in defiance of the law without a license. They are carrying on a brokerage business but they allowed these loan transactions to get into their brokerage business, and I am not willing to say that they should be penalized for that, so I think the settlement should be treated as a loan and allow them the fees provided by the statute and six per cent interest.

Nothing further seems to have been done in the case until August, 1923. At that time, the defendant, Acuff, appeared, produced certain books, and *testified that each transaction had with each of the plaintiffs was a separate and distinct transaction and was finally closed before any other contract was entered into with any of the plaintiffs, his effort being to prevent plaintiffs from going back more than two years in the collection of usury.*

Each of the plaintiffs was introduced on the hearing in August and denied certain material parts of the testimony of the defendant.

At the closing of that hearing the trial judge said:

I did not consider these cases finally closed at any previous hearing or consideration of the cases. We discussed the matter together, and we came to an understanding as I thought about the question about the statute of limitations, and I instructed counsel that if these were running continues transactions from the date of any particular loan or scale of wages and had never been closed at any time, that the statute of limitations did not effect them. But if they had been a closed transaction at any particular time and that would fall within the operation of the statute of limitations and it apparently became necessary then to determine as a matter of proof whether or not any of these transactions were ever closed or whether they were continues running transactions in the shape of renewals from time to time. And that in the final proof that we have been taking in the case.

One thing that develops here this morning that in my judgment brings to the service a matter that had not been considered previously, that had not been developed previously and that is, the method of these transactions in determining whether or not they are continues transactions or closed transactions. If a man went into the office or elsewhere and settled up everything that he owed that was closing the transaction notwithstanding the fact that he may have turned around and immediately borrowed that amount of money back.

Mr. Burrows: That very question was up in the McKnight case vs. the State, 134 Tennessee, and the Supreme Court passed on that.

The Court: I know; but they considered that a running transaction and the old transaction had not been closed. It is immaterial whether the new transaction is made immediately following the closing of the old transaction or whether it is made ten days or one hundred days or a year afterwards. It looks to me like that is the closing up of the old transaction and opening a new transaction. If the full amount was loaned back at that time, that was the beginning of a new transaction. I will say that new features has developed from the proof this morning, that has not hitherto developed. Be that as it may, I am just referring to that. I do not think it is conclusive of the cases at all, but all the court can do in deciding these cases is to find something tangible if possible upon which a judgment can be based. These men deny certain record evidence of the transactions. I must state that I hope the experience will be beneficiary to these men, that they pursue a very loose method of business according to their admissions here. They admit that they signed certain documents that were not filled out. That is as dangerous as a deal fall and I don't believe they can be heard to say in the face of the transactions that were thus made, that the written instrument does not speak the truth. They kept no record except such as they carry in their minds against a written statement admittedly signed by them. Now all things being equal, gentlemen, there can be no argument but that the most tangible and the most dependable evidence is the written evidence, is the documentary evidence. We know from personal experience that our minds frequently fail us; our memory is not always to be depended upon. We may be absolutely honest, and I do not question for a moment that those men are absolutely honest, in what they have stated and what they believe, but that fact nevertheless remains that our memories are treacherous, that we cannot carry all our business every-day transactions in our minds and keep them accurate and straight and free from error and mistake. So I am bound to accept as the most tangible basis upon which I can decide these lawsuits the documentary evidence.

I have no doubt that covering the whole period of these transactions between these parties, that there has possibly been usury paid on all of them, but we are only dealing with such now as fall within the state of limitations, or rather falls so as not to be effected by the statute of limitations. If they could reach and cover all the usury that they have paid from the beginning of their transactions it would be presented by these cases. We can only reach back and take in limitations such as are not affected by the statute. I am compelled therefore, to accept the proper basis for the determination of these cases, the fact as presented by the defendant, and will accept the figures here offered in proof as the basis of settlement and render judgment accordingly. "That is the only way I can see out of it, gentlemen."

The court being of the opinion that all claims made by the plaintiffs, Walter Fretwell and A. A. Russell, were barred by the statute of limitations of two years, proceeded to dismiss their cases and tax them with the cost.

The court was of the opinion that the plaintiff, G. C. Line, was entitled to recover usury in the amount of $76.40, and that the plaintiff, J. W. Gardner, was entitled to recover usury to the amount of $11.91, and he rendered judgment in favor of said respective plaintiffs and against defendants for said amounts and their proportionate part of the cost. Said defendants moved for new trials. Their motions were overruled.

Thereafter each defendant moved in arrest of judgment, assigning as the basis of this motion that the judgment rendered against him was void because the warrant against him stated no cause of action, in that the words "money had and received in violation of the laws of the state of Tennessee under $500.00," was insufficient to give defendant reasonable notice of what he was called to defend.

Pending the motion in arrest of judgment the respective plaintiffs moved to amend the warrants by adding after the word Tennessee in the Line case and after the word "Law" in the Gardner case, *"In violation of Chapter 62 of the Act of 1917."* The motions to amend were overruled.

Thereafter the court sustained the motions in arrest of judgment made in each of said cases of Line vs. Acuff and Gardner vs. Acuff, and dismissed plaintiffs said suits and taxed them with the costs.

Did the trial judge err in overruling the plaintiffs' motion to amend said warrants? We think he did. It is well settled in this state that the courts may allow material amendments at any stage of the proceedings, upon such terms as it may be prescribed. Amendments may be allowed at any time to reach the merits and to attain justice, and in modern times courts are much more liberal in allowing amendments than formerly.

* * *

The question of whether the warrants under discussion stated a cause of action is not free from doubt. In the case of Nicholas vs. Turnpike Co., 128 Tenn. 541, it was held that a warrant issued by a justice of the peace in the form prescribed by Shann Ann Code, Sec. 5989, calling upon the defendant to answer "in a civil action on account under 'Five Hundred Dollars' was sufficient as against an objection that failed to state a cause of action." In that case, it said:

In the Flodd case, Mr. Justice Shileds in delivering the opinion of the court, cited with approval Watkins vs. Kittrel, 3 Baxt. 38, 42, in which the summons or warrant recited as the ground of the action, a debt due by a constable receipt; and Judge McFarland, in reference to it said: "This clearly gave notice to the defendant what the cause of an action was, what transaction was to be contested." It therefore appears that the court in the Flodd case must have had in mind the distinction which we here take. It at least reaffirmed Watkins vs. Kittrel, which certainly concludes petitions in his claim of error.

But, assuming, without deciding, that the statement of the cause of action in each warrant as insufficient, it is clear that the defendant was not misled. When the case was taken up for trial, immediately proceeding the introduction of the first witnesses, the following occurred.

Attorney for Loan Co., Mr. Hodges: *These suits are based upon the money lenders Act of 1917.* That act required, now the keeping of certain books, buying certain licenses and so forth. Our plea is not guilty, and we plead the statute of limitations of two years if using for usury, and in order to shorten these cases will say that *we were not operating under the Loan Shark Act of 1917, and we are not complying with those conditions and did not attempt to comply with them.* Our theory is that the law of assignments governs the business in which these people were engaged, and that they complied with the law respecting assignments and that we were not operating under the provisions of this other act.

Attorney for Borrowers, Mr. Burrows: If your honor pleases, our position is that they do not come directly within the provisions of the act as the act has been construed by the Supreme Court. The general question of the usury law is not involved. We are not suing to recover what these men have paid to these money lenders, not only in principal, but in interest, contrary to the provisions of this act.

Mr. Hodges was and is the attorney for the defendant; Mr. Burrows was and still is the attorney for the plaintiffs.

It is true that an oral statement of the cause of action made in the presence of the court or of the court and the jury is not sufficient to save a fatally defective warrant where no motion to amend is made. But where it is clear that the defendant and his attorney understood what the defendant was called on to answer and that the defendant was not misled because of the insufficient statement in the warrant, a motion to amend so as to cure the defective statement in the warrant should be allowed if made before a motion in arrest of judgment has been sustained.

The assignment of error through which it is insisted that the trial judge erred in overruling plaintiffs' motion to amend the warrant in the Line case and the warrant in the Gardner case is sustained.

Now coming to the merits of the case, *Chapter 62 of the Public Acts of 1917 provides in action (Section —) one thereof, "That no person, firm or corporation shall engage in the business of making loans on personal property of wages or salaries without first filing bond as hereinafter required and obtaining a license for the carrying on of such a business."* The remainder of that section is with reference to how the applicant shall obtain the license and what he shall do before the license is issued.

Section 2 of said act provides that no license shall be issued to any person to carry on the business as specified in Section 1 of the act until said person shall comply with the requirements of the act which are set out.

Section 3 provides that the bondsman of the applicant may be made parties defendant to the suit against the applicant.

Section 4 provides for the giving of additional bond if required.

Section 5 provides for the keeping of a record of loans act.

Section 6 provides what shall be done when payments are made or loans renewed.

Section 7 required that the record be kept open for inspection, and Section 8 provides that the failure to keep the record as required shall operate ipso facto to revoke the license.

Section 9 provides what fees the applicant may charge and the rate of interest. Section 10 provided what shall be done where excessive charges are made, and Section 11 provides that it shall be unlawful for any licensee to charge any sum for insurance, etc., on property pledged as security. Section 12 provides for the issuing of the license, and Sections 13 and 14 are as follows:

Section 13: Be it further enacted, that if any person, firm or corporation shall engage in the business of making loans as prescribed in Section 1 of this act without first obtaining a license for carrying on such business in the city, town or country in which said business is transacted or shall continue to conduct said business after forfeiture or cancellation of the license under which the same is conducted, such person, each and every member of the such firm, *or each and every officer of such a corporation shall forfeit the license and all fees and interest charged on the loan, and shall be guilty of a misdemeanor and the grand jury is hereby given inquisitoral power over all violations of the act.*

Section 14: Be it further enacted, that if any licensee licensed under the act shall violate any of the provisions of Sections 6, 7, 8 and 9 of this act or shall charge for the making or any loan any rate for interest in excess of 6% per annum, or any fee or bonus in excess of those provided in this act said licensee shall forfeit to the borrower in each and every such case, the principal sum loaned and all fees and interest charged and collected and the license under which said business is conducted shall become ipso facto void.

As above seen, the defendant admitted not having complied with this act. *The trial judge correctly found that this advancement made to the plaintiffs were loans and that the transactions did not constitute assignments by the plaintiffs or wages due them to defendant nor did said transaction constitute purchases by defendant of wages owing plaintiffs.*

The transaction occurred in this way. One of the plaintiffs would want some money. He would go to the defendant's office which was over Khulman's Drug Store that is located on the corner of Gat and Commerce Streets, made known to the defendant the amount of money that the plaintiff wanted. *Defendant would advance that much money, and would require the party seeking the loan to sign a form similar to the one hereto attached.*

Notwithstanding these instruments signed recite that each is an absolute and unconditional sale of an account and not a loan or advance of money, the record shows clearly and practically without dispute that the transaction as a loan or an advance of money, and the attorney for defendants concedes in his brief that the trial judge found that the advancement made by the defendant to the plaintiff were loans and we so understand the trial judge holding.

To illustrate, for a loan of $20.00 for thirty days defendant would charge $24.00, and the statement that he would require the plaintiff to sign would show that he owed defendant $24.00. When the Southern Railway Company began to pay its employees twice a month, defendant made loans advanced to plaintiffs due two weeks from each advancement, and he would charge $2.00 for a loan of $20.00 for two weeks (R. 39); in other words defendant charged the plaintiff at the rate of 148%. If, when a loan became due the debtor was not able to pay it or did not want to pay it, if it was for $20.00 for 30 days, he would pay defendant $4.00 and sign another paper similar to that heretofore attached for $24.00. Sometimes several months would pass and the debtor would not pay the principal or the interest. In such case at the end of each month $4.00 would be added to the $24.00 on a new paper made and signed.

The defendant testified that he purchased wages due plaintiff, but records show without contradiction that he seldom ever filled the alleged transfer with the railway company and that the understanding between him and the debtor at the time a paper was signed *was that the railroad employee would draw his salary and come to the defendant's office and take up his obligation.* Defendant never turned back to any of the plaintiffs any of the obligations to sign them. He kept them on his original examination. Defendant was asked and answered as follows:

Q: "Don't you keep books showing these various transactions?"

A: "No sir."

Q: "Do you keep books at all?"

A: "No books of any kind, no."

Q: "Do you keep anything at all more than these assignments?" (The reference was to papers similar to the one hereto attached.)

A: "That is all." (R. 100.)

Q: "And you don't keep any books where these people or any other people transacting busines with you, could see just the status of their accounts?"

A: Hodges: "It is all admitted that he does not."

Notwithstanding the above, after the court had held defendant liable, and the only question remaining to be decided was the statute of limitations against the collections of usury began to run, when defendant came back to testify in August, he produced books which he testified were the books that he kept when he was dealing with plaintiffs and that they showed all the transactions that he had had with plaintiffs. His attempted explanation of this testimony on the subject given when he was examined in May is equivalent to no explanation.

This case falls square within the rules laid down by the Supreme Court in the case of McKnight vs. State, 143 Tenn. 222. The holding of the Supreme Court in that case is well stated in the syllabus as follows:

"As agreement whereby wage-earner assigned at a discount a portion of his wages to be earned in the future, *when not a cloak to cover a loan,* is not within the usury laws.

"In a prosecution for violation of the usury laws, the courts will disregard the form and look to the real substance thereof, notwithstanding defendant took assignments of wages to be paid in the future, *which on their face were without the usury laws, yet, where used merely as collateral securities, the transactions in reality being loans and the employees being allowed to collect their wages and pay as interest the discounts mentioned in the assignment,* the transaction must be deeded loans and within the usury laws, so where defendant for a 2-weeks' use of $25.00 received $1.75 interest, he was liable.

"An indictment charging that defendant on the —— day of July, 1919, before the finding of the indictment did wilfully receive by way of compensation for the use of $25.00 for a period of two weeks the sum of $1.75, etc., is sufficiently specifically as to matter of time, and will support a conviction of usury.

"Where defendant made usurious loans secured by salary assignments he cannot escape liability on the ground that Thompson Shannons Code, Sections 6732, 6733, (Relation to Usury) were repealed by Acts 1917, chapter 62, relating to the lending of money on personal property,

wages, or salary, it appearing that the defendant did not obtain a license under the latter act so as to come within the terms of its protection."

We are not called upon to decide in these cases whether the defendant is guilty of a violation of usury laws. It is clear that he was engaged in the business of making loans on the wages and salaries of persons, including plaintiffs, without first filing bond and obtaining a license as required by Chapter 62 of the Acts 1917, and that the papers or contracts which he required his customers to sign were simply cloaks used in an effort to cover the real transactions that he was having.

As seen by Section 13 of said act it is provided that any person engaging in making of loans on the wages or salaries of the persons to whom the loans are made without first obtaining the license and complying with the provisions of said act shall forfeit the license (loan) and all fees and interest charged on the loan, and shall be *guilty of a misdemeanor,* etc.

We are of the opinion that plaintiffs are entitled to the benefits of said act and that each is entitled to recover from defendants the total amount paid by said defendant, including the principal, interest and attorney fees.

It results that all four judgments of the trial court are reversed. The cases are remanded. Each plaintiff will be permitted upon motion being duly made to amend his warrant by interlining in the face thereof at the proper place the words: *"In violation of Chapter 62 of the Acts of Legislature of Tennessee for 1917."* Any such other amendments as may be necessary and proper will also be permitted.

After said amendments have been made the trial court will, by reference to the clerk or in such other manner as to the trial judge may seem proper, ascertain the exact amount paid by each of the plaintiffs to defendants principal, interest, and attorney fees, and judgment will be rendered in favor of each of the plaintiffs against the defendant for the amount so found to have been paid by such plaintiff to defendant. Defendant will also pay cost that he has accrued in the trial court and also the cost of the appeal.

Reverse and remand.

Clark,
Judge.

NOTICE

It is the desire of the National Executive Committee that any member of our State or National organizations engaged in business in any town or city in which the banks have entered the small loan field to communicate that information to the National Secretary as soon as possible. We would like to know the name of the bank and where located, when it entered the small loan business, what its experience has been to date, the re-payment method, the security required, interest charged, one, two or three signature paper; are they taking care of the class of people who ordinarily patronize small loan companies. All the information that you can supply on this subject will be appreciated. If any banks have entered the small loan field and later abandoned it, the facts concerning the experiment will be very helpful to the national officers in the work contemplated.

GEORGIA

The regular meeting of the Georgia Industrial Lenders Association was held in the new and beautiful Atlanta Biltmore, on Friday, October 10, 1924, at 1 p. m. A very satisfying chicken dinner was served to the membership and five guests: Miss Helen Schaid; Judge Richard B. Russell, Chief Justice Supreme Court of Georgia; Tillou Von Nunes, prominent Atlanta attorney; Howard Brown, of Chicago; Paul Crutchfield, of Atlanta.

During the course of the dinner a very interesting conversation took place, led by Judge Russell, regarding the various species of southern trees, of which Judge Russell states he has planted during the past forty years more than 420, and all of which are still alive and have helped beautify the city of Athens. The conversation then led to the old cities and towns in the state of Georgia, the history of which Judge Russell seemed to be familiar with, and his memory for dates and incidents relating to these old cities proved interesting and instructive.

Directly after dinner the meeting was called to order by Chairman Madison, who presented in behalf of the A. I. L. A., a gift of friendship and esteem to Judge Russell, who accepted and thanked his many new friends which he made at the National Convention in Baltimore. This was followed by three tenor solos by Mr. Paul Crutchfield, accompanied on the piano by Miss Helen Schaid. Mr. Crutchfield has a very rich tenor voice. One of his selections was chosen with rare judgment as it had to do altogether with a tree, and was sung directly to Judge Russell. The title of the song was "Woodman, Spare that Tree."

A great big tree grows near our house,
It's been there quite some time.
It's just a plain old slippery elm
But very hard to climb.

And when my wife gets after me
Up in that tree I roost.
I go up like a healthy squirrel,
And never need no boost.

The other day a woodman came
To cut that refuge down,
And carve it into kindling wood,
To peddle around my town.

I said to him, "I pray thee
Cease, desist, refrain and stop.
Lay down that forest razor, man,
Chop not a single chop.

Woodman, Woodman, spare that tree,
Touch not a single bow.
For years it has protected me,
And I'll protect it now.

Go cut an oak or birch or pine,
But not that slippery elm of mine.
It's the only tree my wife can't climb,
Woodman, spare that tree."

Hon. Tillou Von Nunes made a short address, complimenting the association upon their publicity work and the good it has done and is doing, and he advised that the publicity work be continued; that while he and those engaged in the business realized that three and a half per cent is a just rate, fair to the lender and borrower due to heavy losses, overhead, etc., a great many of the prominent men of the city did not, and needed education along these lines, and that our publicity advertising before it is dispensed with should be one of rate justification. While we are putting one phase of our business successfully across, we must not lose sight of the importance of the other. He further advised the membership to keep out of the courts as much as possible and to sue only as a last possible resort.

Mr. Howard Brown, of Chicago, was then called upon for a few words, and he stated that one of the important things that the Georgia Association, Atlanta in particular where there are eleven members, needed, was an adequate exchange bureau. He related the success of these exchange bureaus in the various cities throughout the east and north, and he stated that members in these various associations who were at first reluctant in joining are the ones who now talk most favorably for them and would put up the biggest fight should the exchange bureaus for any reason disorganize, and that it was those who so bitterly opposed establishing the exchange bureaus who are now its strongest supporters.

Mr. Steimle and Mr. Madison, delegates, then reported on the National Convention. Mr. Steimle, official delegate's report is as follows:

Report of the Tenth Annual Convention of the American Industrial Lenders Association, Held in the Southern Hotel, Baltimore, Md., September 24-27, 1924.

The Convention was opened by Chairman Mueller promptly at 10 a. m. on the morning of Wednesday, September 24th. There were about two hundred members present. After the invocation by Rev. J. N. Stewart, Howard W. Jackson, Mayor of Baltimore, and Howard Bryant, prominent attorney and Acting Mayor in the absence of Mayor Jackson, delivered addresses of welcome that without doubt were sincere and from the heart, and while they did not turn over the key to the city to the Industrial Lenders as is the usual custom, it was because they did not have a key, but said the city was wide open for us all. Mr. Bryant also stated that he had a very big cellar and that there were many good things there. Anyone who felt the need of a stimulant was welcome and should they run afoul of the police they were to just call upon him and he would see that they had the best cell in the jail. Balance of the morning was taken up with reports of the various committees, which I do not believe would be of any interest at this meeting, other than report of National Treasurer Zumpfe, who reported a balance of about $5,000, and that of Mr. R. F. Hartz, National Publicity Chairman, who related in detail what the various state associations have done in having published national publicity advertisements, and I wish to state that Georgia, in proportion to her size, stood well up at the top. Meeting adjourned at 12 o'clock.

Wednesday at 12:30 we met in the convention dining room where a very elaborate luncheon was served by the Maryland Association, and we had the pleasure of hearing Hon. Wm. F. Brœning, an eloquent orator, then we were entertained by Hon. LaFayette Temple, attorney, whose speech was altogether one of entertainment. He stood there for more than an hour and as fast as he could talk told us stories, in several dialects, that were all new and refreshing. Two of these stories I can remember as they were told in such a way as to bring tears of laughter. There were two colored servants who were very fond of music. They attended a band concert and were listening, standing on the fringe of the crowd. One of these colored girls said to her companion: "That's swell music, I think it's a selection from Lucia." The other one replied: "No, Mandy, it's a selection from the Dead March," but since they could not agree one of them decided she would go over to the band stand and find out, having observed a sign nailed there. She approached the sign and read what was thereon, then coming back, said: "Mary, we are both wrong, that's a 'Refrain from Spitting.'" The other story was staged in a little southern city where the inhabitants took considerable pride in the purity of their drinking water. An Irish cop in making his rounds about the city reservoir noticed a little head bobbing up and down in the water, and after a while he discovered it was a little pickaninny taking a swim. The cop hollered at him and explained it was the reservoir of drinking water he was swimming in. The little fellow hollered back and said: "Mister, it's all right, I'm not using any soap." After this entertainment which kept the audience in an uproar for more than an hour, we again convened at 2:15 p.m., when several more reports and papers were read. While these papers were interesting and carried messages of importance I will not attempt to report on them for it was difficult to hear what was said.

Meeting adjourned at 5 p.m. until Thursday morning, which meeting I believe was the most interesting of all as there were several papers read that were beneficial and educational. Mr. Arthur L. Wick, assistant to Mr. Watts of the Mackey organization, with headquarters in Philadelphia, gave a very lengthy and interesting report on the value and progress of the credit exchange bureaus. According to Mr. Wick's report, a majority of the cities affiliated with the various state associations have formed clearance houses or credit exchange bureaus, and Mr. Wick stated that he wondered how they have ever gotten along without them, for not only have they saved the industrial lenders thousands and thousands of dollars but the situation has now reached the point where the borrowers of these various cities have about given up all attempts to get or have more than one loan at a time. He also stated that they have done more for the welfare of the borrowing public than any one thing except the uniform law itself, and at a very nominal sum of money from the individual office. He stated that those who have not such an exchange are years behind the time for they are losing sight of one of the fundamentals of our business.

Next on the program was one of the best papers, in my opinion, read at the convention, not because he is chairman of your association, but because he really said something—Mr. Madison's address on "The Value of, and How to Bring About Coöperation Between Industrial Loan Managers and Retail Credit Men." This address was delivered with eloquence and I believe if you were to ask any of the members present who heard it they would tell you as I have that it was one of the best. Mr. Madison's address was followed by that of Mr. David J. Woodlock, Secretary and Treasurer of the Retail Credit Men's National Association, with headquarters in St. Louis, Mo. This man is a go-getter, and he stated that the only way in which there could be harmony, understanding and coöperation between the industrial lenders and retail credit men was through personal contact brought about by our associations joining their various city organizations and credit information exchange bureaus, and the exchange of credit information, and in this manner educate the credit man as to the nature, purpose and reason of our business. Mr. Woodlock further stated that he is continuously addressing various city and state Retail Credit Men's Associations, and that he intended from now on to give his organization the benefit of his knowledge regarding the high character of the loan man and the business in which he is engaged.

After a few other interesting papers were read it was announced by the national chairman that the convention would assemble at 7 p.m. at the banquet hall. There were about 400 guests, at least 100 ladies, present. After a delightful and appetizing dinner we made ourselves comfortable to enjoy the oratorical eloquence of three very gifted speakers, his Excellency Albert C. Ritchie, Governor of Maryland, Hon. Richard B. Russell, Chief Justice Supreme Court of Georgia, and Mr. A. S. Goldsborough, Secretary of the Baltimore Association of Commerce. Governor Ritchie was proud of the fact that Baltimore was so fortunate as to have the National Convention of Industrial Lenders in her fair city, approved of our business and congratulated us upon having placed it on such a high plane, and after several more complimentary remarks was followed by the Hon. Richard B. Russell, who was introduced by the toastmaster as "the most beloved Georgia Cracker in the state of Georgia." Several stories were related by the toastmaster about Judge Russell and his family of eighteen children. The Judge responded nobly and stated that while he did have a large family he was home only on Sundays and rainy days. He then rendered a most beautiful tribute to his wife, which won the hearts of all and brought tears to the eyes of many. Judge Russell stated in part that our business was a noble and necessitous one, and that we did more good and were of more help to the working man than any business he could mention, and further that we were in position to do more good and that it was part of our business to spread cheer among the depressed, and that without the legitimate lenders the world would not be such a good place to live in. You will get the speeches of these prominent speakers *ver batim* in the year book and I will not attempt to even touch on what was said. Judge Russell however won the hearts of all and it was a privilege and an honor to have been in his presence. Mr. A. S. Goldsborough followed Judge Russell. There is no question but that Mr. Goldsborough is one of the most forceful and eloquent speakers in the country today, and his remarks were all highly complimentary and sincere. The messages that all three speakers delivered made a deep and gratifying impression upon all who had the privilege of hearing them.

Following the speeches the floor was cleared and all present who desired danced until 1 a.m. There were also during intermissions several specialty dancing acts by professional entertainers, and at 1 a.m. all left to retire, tired but happy. I might also mention that each of the ladies present received a beautiful souvenir in the form of a vanity case which was very much appreciated. During the days the ladies were entertained by being shown about the city in sightseeing busses at their convenience and at the expense of the Maryland Association.

We were instructed to meet at 9 a.m. Friday, on board one of the Old Bay Line steamships for a cruise down Chesapeake Bay, and that all business would be conducted aboard ship. We got away promptly at 10 a.m. Meeting convened on one of the lower decks at about 10:30. The day was cloudy and there was considerable wind which made it rather uncomfortable to stay out on deck. However, a great many did stay on deck and received the benefit of plenty of unadulterated sea air. This meeting too was very interesting because of the fact that it set a precedent, it being the first industrial lenders meeting to be held on board ship, and because there were elected the first high seas national chairman and officers, and also the adoption of a code of ethics, which, if each member will strictly adhere to, will make better men of us all and place the business on a very high plane. This was followed by a lively discussion of the national dues, led by Mr. Herron of Philadelphia, Mr. A. H. Williams of Chicago, Mr. Dyer of Ohio, Col. Pond of Ohio, Mr. Harbeson of Chicago, Mr. Zumpfe of Indianapolis, Mr. Moss of Philadelphia, and Mr. Watts of Philadelphia. A report on amount of dues paid in by the various chain organizations and individuals was read by Mr. Harbison, and it was a surprise and a revelation to those present to learn how little the majority of the big organizations were paying into the national treasury, while a few of the chain organizations and individuals had been paying the maximum, regardless of size of office. Several suggestions were made by the above-mentioned men for obtaining sufficient money in the treasury to permit the national organization to properly function. All suggestions were meritorious. It was finally decided, through proper motion, that the individual dues be increased fifty per cent. However, this was not obligatory.

The nominating committee proposed the following slate: National Chairman: Mr. Aufderheide, Indianapolis, Ind.; National Treasurer: Mr. Tate Harrison, Waterloo, Iowa; National Secretary: Mr. George W. Kehr, Harrisburg, Pa.; Finance: Mr. W. P. Woll, Chicago; Law: Mr. F. R. Habachek, Minneapolis, Minn.; Legislation: Mr. C. H. Watts, Philadelphia; Membership: Geo. Hodson, New York City; Publicity: Mr. R. F. Hartz, Indianapolis, Ind., who were unanimously elected. A rising vote of thanks, with three ringing cheers, was accorded Dr. Mueller, retiring chairman, also a valuable gold watch was presented to him as a token of friendship and appreciation for his untiring efforts in behalf of the association during the past year. Next was report of your secretary on the Georgia publicity campaign, which was followed by a brief report by Dr. Louis N. Robinson, who for the past two years has been making a survey of the small loan business for the Russell Sage Foundation. Dr. Robinson stated that he was sorry to disappoint but the survey had not been fully completed, much to his regret, but he expected to have it in shape for publication in the very near future. After hearing a few other reports meeting adjourned.

We had a very fine luncheon and chicken dinner aboard ship, and after dinner had the pleasure of sailing up the Chesapeake in the moonlight, docking in Baltimore at 10 p.m. Mr. Madison, Mr. Lyons, Mr. Dobyns, Mr. Mahoney, Mr. Brown, Mr. MacMurtry, Mr. Applegate and several others played poker and sang old-time southern melodies and made speeches until 3 a.m. when the house detective put them to bed.

The official attendance at the National Convention was not announced but I would guess that there were approximately 300 present. State winning the national cup for largest attendance was not announced. This information however will be furnished in next issue of the Lenders News. The eleventh annual convention it was announced will be held about the first week in September, 1925, in Providence, R. I.

It was our privilege before the convention closed to try to express, with a rising vote of thanks, our deep and sincere appreciation of the courtesy, zeal and enthusiasm which two members of the Maryland Association, Mr. Howard Mattingly, President of the Master Loan Service, Inc., and Mr. Hougham, exhibited in providing every possible comfort and convenience for the welfare of the guests. The success of the Baltimore convention was due in a large measure to the untiring and unselfish efforts of these two boys to make each individual present feel that the Maryland Association and the city of Baltimore were honored to have him as a guest. The Maryland Industrial Lenders Association and the American Industrial Lenders Association are to be congratulated upon this wonderful Tenth Annual Convention, which, it was the consensus of opinion, the best convention held to date.

Mr. Madison stated that the outstanding features of the convention were the adoption of a code of ethics and the address by Mr. Woodlock, of St. Louis, Mo., National Secretary of the Associated Retail Credit Men's Association, and the rare judgment used in the selection of prominent speakers. Mr. Mattingly, Mr. Hougham and all members of the Maryland Association were highly complimented for their handling of the many details which made the tenth annual convention head and shoulders above any convention held in the past.

Discussion of the exchange bureau then consumed balance of the afternoon. It was finally moved by Mr. Snyder and properly seconded that the Chair appoint a committee to work out the details in connection with getting the exchange bureau started. The Chair appointed Mr. Zachary, Mr. Davis, Mr. Herbert, Mr. Snyder and Mr. Steimle.

There being no further business, meeting adjourned at 5:30.

E. M. Steimle, *Secretary;*
A. B. Madison, *Chairman.*

MARYLAND

The Maryland Industrial Lenders Association held a short business meeting at 8:15 p.m. on Tuesday, October 14, in the Board Room of the M & M Building, 22 Light Street, Baltimore, Md.

Among those present were: J. D. Goldrick, Roy T. Baseman, H. C. Moore, Lee Pumphrey, Lewis Neymeyer, Clifford Smith, H. T. Mattingly, C. Howard Hood, A. E. Potter, J. E. Turner, E. E. Hougham, Herman Lappe and Glen S. Knapp.

On motion the minutes of September meeting were approved as distributed.

Report of Officers

Treasurer Goldrick reports cash in Treasury, $375.

Secretary Moore reports membership of 20 with all state and national dues paid to date, 9 of which are members of the exchange. Six members are eligible for membership in the A. I. L. A. This information has been passed along to National Secretary Kehr under date of October 14.

The Secretary read a letter from Mr. Wm. J. Barrett, Jr., of the Bank Commissioner staff who advised there was $2,139,002.49 invested in the small loan business in the state of Maryland as of August 30, 1924.

Chairman Goldrick of the finance committee states that he was not in a position at this time to give a detail account of the expenditures in connection of the A. I. L. A. Convention. The cost being approximately $5,300, and it will be necessary that a fund of $650 be raised to settle all expenses.

According to the arrangements made at the April, 1924, monthly meeting each office was to be assessed $100 towards the expenses of the A. I. L. A. Convention and if necessary contribute up to $2.00 per $1,000 according to the investment of his office covering year of 1923.

A general discussion took place by all members present as to how much each office should be asked to contribute to make up this shortage and it was agreed that each office would contribute 50 cents per $1,000 according to his investment covering year 1923.

In order to have sufficient money to take care of our obligation Secretary Moore was instructed to notify each member accordingly and ask them to contribute proportionately.

Mr. Hougham of the Exchange Committee reports the exchange has been in operation since Oct. 6, and it is surprising to know as to how many borrowers are doubled up with 3 or more companies.

To date the exchange has been the means of locating several skips, also the working address of slow accounts.

All members of the association who are in good standing are eligible to membership in the exchange.

Prospective members are requested to communicate with Messrs. E. E. Hougham, H. C. Moore or H. T. Mattingly.

No further business to transact, upon motion of Mr. Hood, seconded by Mr. Potter, the meeting adjourned.

H. C. Moore, *Secretary.*

PERSONAL LOAN DEPARTMENT STARTED BY LOCAL BANK

Union Trust, Hudson National Inaugurates New Departure in Banking System

The Union Trust and Hudson County National Bank, Bayonne branch, has organized a personal loan department, which is now in operation at their new and commodious building at Broadway and Twenty-third Street. In creating this department the bank is the first financial institution in the State of New Jersey to inaugurate a plan to assist those in need of funds and who find it difficult to borrow except through loan companies.

The plan as outlined by the bank is a simple one, enabling the individual who is in need of money to obtain a loan ranging from $25 to $300 at the legal bank rate of interest, which is 6 per cent per year. Loans may be obtained to pay legal debts, insurance premium, taxes, interest on mortgages, expenses incurred by illness, births or deaths, operations, dental work, educational and other purposes worthy of consideration. Through the personal loan department the borrower can arrange to make weekly, bi-monthly or monthly deposits, thus enabling him to accumulate sufficient funds to pay his note when it becomes due with as little inconvenience as possible.

Loans made through this new department will be based on the character of the borrower, his honesty, moral responsibility and stability of income. In addition to this, the bank is secured by the financial responsibility of one or two co-makers, whose signatures are required on the note; the number of co-makers depending on their individual worth and size of the loan. The borrower need not be a depositor of the bank at the time he applies for the loan.

In commenting on the inauguration of the personal loan department, Vice-President Conway said: "In establishing this department we were influenced by the fact that Bayonne is one of the country's largest industrial centers, its population consisting of a great number of wage earners who are barred from borrowing through regular banking channels. This is a new departure in banking, and should result in a closer relationship between the masses and the bank, particularly assisting that class of people to develop into systematic savers. Another feature of this plan which will prove of great benefit to the borrower is the method used in accepting payment by the bank, making him a member of our savings department, and eventually receiving interest on his deposits at the rate of 4 per cent."

Mr. Morris Bernhard will be in charge of the personal loan department.

MRS. CHANDLER DEAD

Private Services Will Be Held Wednesday Afternoon

Private funeral services for Mrs. Florence M. Chandler, wife of William G. Chandler, 3357 North Meridian street, Indianapolis, Ind., who died Monday, after an illness lasting since last January, will be held Wednesday at 2:30 o'clock, at the Flanner & Buchanan chapel. Burial will be at Crown Hill cemetery. The Rev. J. Ambrose Dunkel will officiate at the services.

Mrs. Chandler was born at Delphi, Ind. Her father, the Rev. G. G. Mitchell, was pastor of the old Fifth Presbyterian church of Indianapolis, at one time. Mrs. Chandler moved to South Bend on her marriage to Mr. Chandler, and was active in church and women's civic organizations there. For several years she was a member of the board of directors of the South Bend Methodist Episcopal Hospital. She and Mr. Chandler had lived in Indianapolis for about eleven years.

In addition to Mr. Chandler, she is survived by two sisters, Mrs. William T. Wiley and Mrs. William A. Zumpfe.

INDUSTRIAL LENDERS NEWS

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167 Ask Injunctions Against Salary Brokers, Alleging Usurious Rate of Interest Charged

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COURT IS ASKED TO STOP BROKERS FROM COLLECTING

100 Additional Petitions of Same Nature Are to Be Filed To-day in Fulton Superior Court

CLAIM THAT 15,000 PATRONIZE BROKERS

Both Letter and Spirit of Law Regulating Such Business Violated, Defendants Declare

Placing 48 salary-assignment brokers in the roles of defendants, petitions were filed by 167 plaintiffs in Fulton superior Court Wednesday afternoon, each of the plaintiffs alleging that the designated salary brokers had charged usurious rates of interest in their operations and each praying the court to restrain and enjoin the defendants from collecting the salary assignments, either by filing the original papers with the assignor's company or by garnishment proceedings.

The 167 petitions for injunction were filed through Attorney Henry B. Hicks, who has offices in the Citizens and Southern Bank building. Attorney Hicks stated Wednesday night that he had prepared 100 additional petitions from as many plaintiffs, which will be filed early to-day. The petitions filed Wednesday formed a mass of documents of such bulk as to require the services of three men to transport them to the courthouse and every available deputy clerk was pressed into service in recording the suits.

15,000 Clients of Brokers

Attorney Hicks declared that 15,000 citizens of Atlanta are doing business with salary-assignment brokers, and that the 48 individuals and firms made defendants in the suits filed Wednesday represented less than half the number of brokers who are operating this class of business in Atlanta at the present time. He stated that the results of the suits being filed would test the legality of the salary-assignment business as it is being operated in Georgia.

Setting forth in their petitions for injunctions that the salary brokers are operating so as to avoid the letter and the spirit of all laws regulating such business, the 167 plaintiffs include the following allegations in their prayers to the court:

Allegations of Plaintiffs

That the original cash transaction was made after the plaintiff had signed a form in blank.

The "the defendant left said blank spaces with the intent and purpose of filling in said blanks himself whenever petitioner should fail to pay said principal loan and the interest thereon, or pay the interest thereon and renew the same, and that the defendant left said spaces blank with the intention and purpose of thereby avoiding any question as to whether said wages were already earned.

"That at the time the defendant required him (the plaintiff) to sign said purported assignment, defendant did not intend to notify petitioner's employers of the fact of such purported assignment for sale, but intended for petitioner to draw his own wages and come and pay said loan and interest to defend, or renew the same.

Rate Declared Illegal

"That the rates of interest contracted for, reserved, charged and received on such loans are illegal and usurious, and well known by the defendant to so be.

"That the aforesaid purported assignments and sales signed in blank as aforesaid are not bona fide sales and assignments of choses in action; that at the time of executing the same, the relationship of debtor and creditor was the foundation of the transaction and contract, and that the said purported sale and assignment is purely a scheme and device contrived for the purpose of covering up and disguising the true nature of the contract and transaction."

The petitioners further set forth that it was the custom of their employers to discharge such employees as had salary assignments filed against them or garnishments filed as a result of such contracts.

The suits further charge that the plaintiffs were caused to continue renewal of the salary assignments through fear of exposure that would cause them to be discharged by their employers.

"Petitioner shows that, on account of the excessive interest charged by defendant and others of its ilk, with whom petitioner has become involved in the same manner as set forth in this complaint, he has borrowed from one to pay the other so as to protect his position.

Threatened to Tell Employer

"Petitioner avers that although defendant has not presented said purported assignments to petitioner's employers, he has repeatedly threatened to do so unless petitioner continue to pay the illegal and usurious interest on same."

The petitions pray that the defendants be compelled to deliver such assignments as they now hold, and that the court declare them illegal and void and canceled. They also pray that pending hearing on the petitions, the defendants be restrained and enjoined from filing notice of assignments with petitioner's employers or from attempting to collect on the contracts in any manner whatsoever.

The salary assignment brokers made defendants in the petitions filed Wednesday are as follows:

List of Defendents

Atlanta Finance Co., Atlanta Advance Co., Atlanta Purchasing Co., American Purchasing Co., Austell Trading Co., Archer Investment Co., American Finance Co., Acker-Brannon Co., Bristol Finance Co., Boston Trading Co., Kash Supply Co., Citizens Finance Co., D. O. Chestnut Co., Cook Investment Co., Crown Investment Co., City Purchasing Co., City Finance Co., Dollar Supply Co., Edgewood Finance Co., Empire Investment Co., Fidelity Investment Co., Federal Investment Co., Fulton Finance Co., Fulton Discount Co., Grant Trading Co., Georgia Discount Co., Gay Investment Co., Green Investment Co., Georgia Investment Co., General Investment Co., General Investment Co., Grady Finance Co., Greenway & Co., Hall Investment Co., Henry & Co., Hopkins Investment Co., C. E. Jarvis, King Investment Co., Lamar Investment Co., Lone Supply Co., Lee Purchasing Co., Mathias Investment Co., Miller Investment Co., J. A. Patterson, Pryor Discount Co., Stewart & Humphries, Trout Investment Co., Walton Discount Co.—*Atlanta Constitution, Oct. 26, 1924.*

COURT HOLDS 3½ PER CENT, INTEREST LEGAL AFTER JUDGMENT IS ENTERED

W. M. Carroll vs. Coöperative Loan and Investment Company. In the Court of Common Pleas of Dauphin County.
No. 43 March Term, 1924.

Affidavit of Defense in the Nature of a Demurrer

Opinion by the Court:

It appears from the record that the defendant is a Pennsylvania corporation

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NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—G. E. Rich, 26 High St., Pawtucket.
Va.—L. E. Pope, 206 E. Grace St., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Auditing, W. M. Snow, 465 Congress St., Portland, Me.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, G. Hodson, 135 Broadway, New York City.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

operating under the Act of June 4, 1919, P. L. 375. On May 10, 1922, the plaintiff borrowed from the defendant $125.00, giving as a security for the repayment of the loan a judgment note which was afterwards filed in the Prothonotary's office and judgment entered thereon to No. 348 June Term, 1923. In making this loan the plaintiff agreed to repay to the defendant the sum of $125.00, "with interest at three and one-half per centum per month." The note further stated that—

"It is understood that the undersigned shall pay this obligation by paying the sum of $125.00 this day lent, in eleven monthly installments of $10.00, and one installment of $15.00, together with interest, at the rate of three and one-half per centum per month on the unpaid balance of the loan hereby evidenced, until said loan, with interest, is fully paid, together with any costs or attorney's collection fees which may accrue by law of contract under this obligation."

On January 22, 1924, a writ of fieri facias was issued upon the above stated judgment in which a credit of $37.00 was allowed to the plaintiff. The plaintiff paid to the defendant $123.65, consisting of $88.00 principal and $48.65 interest, whereupon the writ of execution was stayed. Thereafter the plaintiff brought suit before Alderman John P. Hallman, claiming the right to recover the interest of $48.65, so, as he alleged, unlawfully collected, and, in addition, $50.00 as a penalty, as provided in the Act of June 4, 1919, P. L. 375. The alderman entered judgment fo the plaintiff whereupon an appeal was taken by the defendant to this court.

The plaintiff's amended statement was filed July 2, 1924, setting forth the facts substantially as we have stated them, and claiming to recover the sum of $98.65, being $50.00, penalty and $48.65 interest which the plaintiff claims to be usurious.

The defendant filed an affidavit of defense in the nature of a demurrer claiming that the plaintiff's statement as filed evidences no cause of action in law for the reasons, (1) the plaintiff does not show any right of action against the defendant; (2) the averments of fact in plaintiff's statement disclose no illegal act on the part of the defendent. The defendant, a Pennsylvania corporation, operating under the Act of June 4, 1919, P. L. 375, was wholly within its legal rights in collecting the interest as alleged in plaintiff's statement, and no right of action raises to the plaintiff by reason thereof; (3) the defendant's acts were wholly within its rights under the aforesaid act of assembly.

As we have stated, the defendant was licensed to do business under the provisions of the Act of 1919, to which we have referred, section 2 of which, P. L. 380, provides:

"Any person, persons, copartnership, association, or corporation who shall obtain a license in accordance with the provisions of section one of this act, shall be entitled to loan money in sums of three hundred ($300) dollars or less, either with or without security, to individuals pressed by lack of funds to meet imediate necessities, at his, their, or its place of business, for which said license is issued, and to charge the borrowers thereof, for its use or loan, interest at a rate not to exceed three and one-half (3½) per centum per month. No fees, fines, or other charges, either in addition to or as a part of the abov specified interest, shall be charged or collected under any pretext whatsoever."

It is further provided that interes shall not be payable in advance or compounded and shall be computed only o unpaid balances for the time that ha elapsed at date of payment. It is furthe provided that if interest in excess of tha prescribed shall be received by any licensee the said licensee shall thereupon los his right to receive or collect the interes allowed under this act and shall be entitled to recover from the borrower onl the amount actually loaned, together wit interest at the rate of six per centum pe annum upon unpaid balances. The ac further provides:

"Any person, borrowing money fro any licensee under this act, who shall b charged and pay any interest in exces of that prescribed and allowed by th provisions of this act, shall be entitled t recover back from the lender, by actio at law begun at any time within tw years from date of the last payment, an and all sums of money so charged an paid in excess of the amount of th original loan, together with interest at th rate of six per centum per annum upo unpaid balances up to the date of fina payment of said loan, and in additio fifty ($50) dollars as a penalty, to b paid to the borrower."

The pending action was brought unde the last quoted provision of the Act o 1919. The Act of 1915, of which thi is an amendment, is constitutional; *Commonwealth v. Puder*, 261 Pa. 129. Th principal question raised at the argumen was whether the defendant was entitle to collect interest at the rate of three an one-half per cent. upon its contract wit the plaintiff after said contract had bee filed in the Prothonotary's office an judgment entered thereon. It was contended by counsel for the plaintiff tha after judgment the defendant was entitled only to interest at the rate of six per cent, and, therefore, this action woul lie because more than six per cent wa collected, the plaintiff being compelle to pay three and one-half per cen monthly from the date judgment wa entered upon the contract until final payment in January or February, 1924. I support of this contention the plainti refers us to *Altoona v. Morrison*, 24 Pa Superior Court Reports, page 417, whic holds that under the Act of May 2 1889, Article 15, P. L. 277, regulating th incorporation and government of cities o the third class, a city may, after a lie for taxes has been filed, add the penalty of one per cent per month on the amoun of the lien until judgment is entered o the lien, but thereafter it is only entitle to interest at six per cent on the amoun of the judgment. A careful reading o the opinion of Presiding Judge Bell rendered in this case and affirmed by th Superior Court, demonstrates that thi authority supports the contention of th defendant rather than the plaintiff. I appears that the one per cent per mont allowed by the said Act of 1889, is imposed as a penalty for non-payment. Section 22 of said Act of 1889 provides that judgment and process shall be with like affect as in other cases. Commenting thereupon, Judge Bell says, page 419:

"What is one of the effects of a judgment? That the plaintiff thereafter is entitled to interest on the amount of his judgment until the same is paid. 'Lawful interest shall be allowed to the creditor for the sum or value he obtained judgment for, from the time the said judgment was obtained till the time of sale or till satisfaction be made:' Act of 1700, section 2, 1 Purdon's Digest, 1063. 'Interest is a legal incident to every judgment:' *Fitzgerald v. Caldwell,* 4 Dallas, 251.

"The city, then, by the language of said section 22, would be entitled to interest after the entry of judgment. It could scarcely be claimed that in addition to such interest the city would likewise be entitled to the one per cent. per month penalty. 'Interest is the penalty for nonpayment,' .... and to add a further penalty of one per cent a month would be piling a penalty on a penalty, procedure certainly not allowable unless rendered mandatory on courts by the plainest and most specific legislative intent."

It thus appears that, in the *Altoona* case, from which we have just quoted, the city endeavored to impose a penalty upon the defendant of one per cent a month, after judgment was entered against the defendant upon scire facias sur municipal lien, upon which, under the Act of 1700, the city was entitled to interest at the rate of six per cent. To have allowed the claim of the city would have enabled it to collect, not only legal interest at six per cent upon its judgment, but in addition thereto a penalty of one per cent a month, which could not be allowed "unless rendered mandatory on the courts by the plainest and most specific legislative intent."

The case at bar, which we have under consideration, differs from the *Altoona* case in this: the defendant in this case was authorized by the Act of 1919 from which we have quoted, to make the loan to the plaintiff and to charge interest at the rate of three and one-half per cent per month; the plaintiff contracted to make the loan and to pay interest at the rate of three and one-half per cent per month until the loan was fully paid. The loan was not fully paid until after judgment was entered upon the contract between the parties and until execution was issued thereupon. The plaintiff's statement fails to disclose any violation of the Act of 1919, upon which his action is based, and therefore is not entitled to recover back the interest paid nor the penalty provided in said act, as a punishment for those who violate its provisions. We think, therefore, the demurrer must be sustained, and we direct judgment to be entered for the defendant.

FRANK B. WICKERSHAM, *Judge.*

(Filed Nov. 3, 1924.)

BENEFICIAL LOAN & INVESTMENT CO. V. IRA. (NO. 10759)

(Supreme Court of Colorado. May 5, 1924)

1. *Pawnbrokers and money lenders Key 6—Loan held within statutory prohibition.*

A transaction by which plaintiff company took notes bearing 12 per cent from defendant for $365, and gave two checks, one for $300 and the other for $65, latter being returned to plaintiff to apply on alleged subscription to its stock, *help* under evidence to be within prohibition of C. L. §§ 3781-3801, invalidating loans for $300 or less if bearing more than 12 per cent interest.

2. *Appeal and error Key 170(2)—Constitutionality of statute cannot be raised for first time on appeal.*

The constitutionality of a statute could not be raised for first time on appeal, where question was not called in any manner to attention of trial court.

Department 3.

Error to County Court, City and County of Denver; G. A. Luxford, Judge.

Action by the Beneficial Loan & Investment Company, a corporation, against John W. Ira. Judgment for defendant. On plaintiff's application for supersedeas. Supersedeas denied, and judgment affirmed.

Morrissey, Mahoney & Scofield, of Denver, for plaintiff in error.

Wayne A. Gunkle, of Denver, for defendant in error.

Sheafor, J. Suit brought before a justice of the peace in replevin by the plaintiff company against the defendant to recover possession of an automobile. The judgment was in favor of defendant for possession, or its value—$300. Plaintiff appealed to the county court, where trial was had to the court without a jury and a like judgment rendered. Plaintiff brings the case here for review, and asks that the case be determined upon its application for a supersedeas.

The facts are as follows:

On or about February 13, 1923, the defendant was the owner of the automobile in question, for which he paid $300, and upon which he gave the plaintiff a chattel mortgage to secure six certain promissory notes executed and delivered by defendant to plaintiff, aggregating the sum of $365. The notes and mortgage bore date February 13, 1923; the first of the notes becoming due matured in one month after the date thereof. None has been paid. When the first one became due and was not paid, plaintiff took possession of the automobile. The notes provided that they should bear interest at the rate of 12 per cent per annum from date until paid, and if interest or principal was not paid at maturity then accrued interest and principal to draw interest at the rate of 24 per cent per annum, together with all attorney's fees and other costs and charges for their collection.

The defendant claims that on the date mentioned he borrowed $300 from the plaintiff, for which the notes and mortgage were given, and that he borrowed it to pay for the car in question, while the plaintiff claims that it was lent him on that date $365, and gave him two checks for the same, one for $300, and the other for $65. The record discloses that defendant indorsed and cashed the $300 check, and that he indorsed the $65 check and returned it to the plaintiff. It appears that the plaintiff paid about $19.60 for insurance on the automobile, and for filing and recording a bill of sale and chattel mortgage about $2.85.

It further appears from the record that the plaintiff refused to make the loan to the defendant unless he signed a subscription agreement for 300 shares of the preferred stock of plaintiff company, par value $1 per share, payable $65 in cash at the time, and the balance in 30 installments of $8 each, which it appears he did, the company claiming that it made no loans of $300 or less to any one, unless the borrower subscribed for stock in the company. It further appears that the company in the prosecution of its business makes loans for more, as well as for less than $300. Prior to the making of this loan plaintiff had procured a license and given a bond for the year 1923 as required by the provisions of chapter 159, Session Laws 1919 (Compiled Laws 1921, c. 63), and at the time of the making of the loan plaintiff delivered to defendant a statement of the loan as required by that act, upon which was printed a copy of section 13 thereof.

[1] The defendant claims that when this loan was made the plaintiff was opertaing under and pursuant to the provisions of that act, and as a licensee thereunder; that as a consequence the contract of loan is void, and plaintiff is entitled to recover nothing, nor can plaintiff enforce payment of the money lent or foreclose the chattel mortgage on defendant's car.

The plaintiff contends: (1) That the loan in question was for more than $300, and therefore does not come within the prohibition of chapter 159, Laws 1919 (Compiled Laws 1921, c. 63). (2) That, even though the loan be considered as one for $300, or less, still the transaction was a valid one, because plaintiff had the right to refuse to loan its money to any one, but a given class of persons. (3) That the subject-matter of sections 13 and 17 of chapter 159 is not indicated in the title of the act, and therefore contravenes section 2, article 5, of the Constitution.

It is perfectly clear from the evidence that the actual amount lent by plaintiff to defendant was $300. The $65 were in fact retained by plaintiff as the first or cash payment, on defendant's subscription agreement for the purchase of stock of the plaintiff company, and if we assume that the stock transaction was valid, then plaintiff simply paid for the insurance on the car and for recording the papers out of its own funds, without authority from defendant so to do. If, however, we should find that the stock transaction was entered into as a subterfuge in an effort on the part of plaintiff to evade the provisions of the law, and charge and receive more than 1 per cent per month, then the plaintiff fares no better. The notes bearing 24 per cent per annum after maturity are plainly unenforceable.

We think the court did not err in holding that the transaction, as shown by the evidence, came within the prohibition of Session Laws 1919, c. 159.

[2] The assignments of error that the act in question is unconstitutional cannot be considered by us. The record fails to disclose that this question was in any manner called to the attention of the trial court. The plaintiff could have raised the question at the trial by an objection to evidence, or by appropriate motion, and, having failed to raise it in any manner there, cannot raise it here for the first time. This has been so often decided by this court that a citation of the cases is unnecessary.

Finding no error in the record, the supersedeas is denied, and the judgment of the county court affirmed.

TELLER, C. J., AND CAMPBELL, J., concur. —*Pacific Reporter.*

PAWNBROKERS AND MONEY-LENDERS

Key 9. Actions.

(Ga.). In a suit for cancellation of an assignment for wages, to enjoin the assignee from serving notices on plaintiff's employer and to enjoin the employer from paying to the assignee any wages on any assignments by plaintiff, where the petition failed to allege that defendant made any loan or advanced money to plaintiff or that defendant took an assignment to secure a loan at the usurious rate of interest, but referred to the transaction as a sale of his wages to defendant, held, that the case did not come within Civil Code 1910, Sec. 3444, relating to usury, but not making unlawful the sale and assignment of wages, save when a loan at usurious rates.—*Jackson v. Johnson,* 121 S. E. 250.

In a suit to cancel an assignment of wages as usurious, within Civ. Code 1910, Sec. 3444, a petition failing clearly to show payment of the actual money received from the assignee, with lawful interest, held insufficient, in view of section 5538, placing the burden on plaintiff to plainly set forth his cause of action. —*Id.*

Am. Dig. Vol. 19A.

RESOLUTIONS ADOPTED FAVORING REEVES CANDIDACY

Resolution

Whereas, A Chairman and other officers of the Pennsylvania *Industrial Lenders Association,* are to be elected for the ensuing year at Convention to be held by said Association in the City of Philadelphia, December 3d, 1924, and

Whereas, We the members of the Pittsburgh Industrial Lenders Association, having high regard for our fellow citizen and associate, Mr. P. B. Reeves and desiring to have a Pittsburgh Lender serve our association as Chairman, we have prevailed upon him to permit his name to be put forth as candidate for the office of Chairman of the Pennsylvania Industrial Lenders Association and Mr. Reeves now being Vice-Chairman and it being the custom to elect the Vice-Chairman to the office of Chairman for the coming year. Be it

Resolved, That all members of the Pennsylvania Association are hereby urged and requested to support P. B. Reeves with their votes and influence for the above office. Be it further

Resolved, That the Secretary of this Pittsburgh Association be instructed to send copies of these resolutions to each member of the Executive Committee and National Secretary.

The above resolutions passed unanimously at a meeting of the Pittsburgh Industrial Lenders Association, held in the city of Pittsburgh, October 24, 1924.

Pittsburgh Industrial Lenders Ass'n.
A. H. Thale, *Secretary.*

REASONS WHY

There isn't a day scarcely that goes by that the National Secretary does not have brought home to him some reason or advantage for membership in our State and National organizations. One of the big reasons and the one that pays dividends in dollars and cents, is the privilege of referring foreign accounts to brother members in cities where skips go and where no other connections are available for the collection of accounts.

Appropos to this question comes the following bit of interesting statistical information which proves the point. For six months, April to September, both inclusive, the Newark office of one of the prominent chain organizations spent $1,016.00 in salary, $144.08 in carfare, a total of $1,160.08 in endeavoring to collect their own and the skip accounts of others referred to them for collection in New York City. The total amount collected during the same period amounted to $2,035.83.

Many who read this and the author is one of them, can be thankful for assistance rendered in the collections in New York City accounts by this firm. The collection of one account of this kind more than pays the dues in many cases which are paid to our State and National organizations. Membership in our State and National Associations brings this service without additional cost although it is a great burden upon the office rendering the service. This reciprocity in the collection of foreign accounts is one of the most valuable assets of State and National organization membership. Non-members are denied this service unless they pay a commission to the collecting company of at least 25%.

COMMUNICATIONS

My Dear Mr. Kehr:

Will you kindly send me a copy of the "Code of Ethics" adopted by your convention?

Very sincerely,
American Association of Social Workers.
Philip Klein, *Executive Secretary.*

Butte, Montana
October 20, 1924.

Gentlemen:

I have at hand one of your booklets dwelling on the necessity for Industrial Banking. I am a candidate for State Legislature on the Democratic Ticket and am practically assured of election in this county and will be pleased to correspond with you concerning the introduction of such industrial banking laws as are necessary in the State of Montana.

Very truly yours,
John J. Caplis.

[Mr. Caplis was reelected at the November election and is very much interested in the enactment of adequate Small Loan Legislation in Montana. Ed.]

LOAN MEN'S LUCKY DAY

Thursday, November 13th, 1924

Logansport, Indiana

Lucky—because that's the day you will attend the Fourth Anuual Managers Meeting of the Indiana Industrial Lenders Association in Logansport—the "City of Bridges" on the banks of the Wabash.

The program, full of papers and talks of especial interest to loan managers, will be supplemented by an address of timely interest by a speaker of national prominence; with talks by prominent loan managers from neighboring states; and a digest of important subjects concerning the future of the loan business.

The business session will be short!

The noon luncheon will suit John H. Aufderheide!

The speakers will be head-liners!

All active loan managers of Indiana will be present!

The City of Logansport welcomes YOU!

What more could you ask to make November 13th a day of real enjoyment and education?

Plan NOW to be present and don't forget the date—

THURSDAY, November 13th, 1924,
Logansport, Indiana.

Cordially yours,
D. Hurry, *Chairman,*
Program Committee.

A. I. L. A. DIRECTORY

You know that it has been customary to publish in our Year Book each year, a complete list of the names and addresses of our membership, alphabetically arranged according to States and Towns. To save time and expense, we have confined our membership directory strictly to the name of the State, the Town, the name in which the membership is held and the local address. We have never attempted to include the name of the active head in charge of each office, but the suggestion has come to us that we ought to consider adding this information to our list. For example, the suggestion has come from a prominent member in Chicago saying that he would like to communicate with Colonel Pond's company in Cleveland. In looking over our membership directory, he finds only the names of the companies which are members in Cleveland, but he is unable to distinguish from these names, the company with which Colonel Pond is identified. If the membership as a whole is interested in this suggestion, and will supply the name of the active head or manager of each office, we will be pleased to include the information in our directory which appears in the Year Book. Unless, however, prompt response is made, it will be impossible to adopt the suggestion this year.

ILLINOIS-IOWA JOINT MEETING

Industrial Lender's Associations

Friday, November 7th, 1924, Hotel LaSalle.

Chicago, Illinois

Program

12:15	Luncheon in the Red Room, 19th Floor, Hotel La Salle.
1:30	Address by Mr. J. H. Aufderheide, of Indianapolis, Indiana, Chairman of the American Industrial Lender's Association.
2:00	Business session convened by Mr. L. H. Heywood, President of the Illinois Association.
2:45	to 5:45 Talks and papers on practical subjects by members.
1:00	Remarks by Mr. T. J. Harrison, of Waterloo, Iowa, Treasurer of the National Association.
2:00	Paper by Mr. C. G. Liggitt, of Dayton, Ohio, Western Supervisor for Beneficial Loan Society of New York.
3:00	Paper by Mr. Herbert Hoest, of the Chicago Loan Company, Subject: "Conservative Loans."
4:00	Address on "Publicity" by Mr. Roy F. Hartz, of Indianapolis, Indiana, Chairman of Publicity

Committee of the American Industrial Lenders' Association.

5:00 Paper by Mr. E. I. Levitt, of Des Moines, Iowa.

6:00 Paper by Mr. Fred P. Snite, of Chicago. Subject: "How to expand in the Loan Business."

Adjournment of Afternoon Session

6:15 Banquet and Entertainment.

Introduction of after-dinner speakers by Toastmaster Charles R. Napier, of Chicago, Counsel for the Illinois Industrial Lender's Association.

Address by Hon. Marcus Kavanagh, Judge of the Superior Court of Cook County, Illinois.

Address by Hon. W. Wood, Judge of the District Court of Black Hawk County, Iowa.

Address by Attorney Frank S. Dunshee, Counsel for the Iowa Industrial Lender's Association.

TENNESEE

Ordinance No. 66

AN ORDINANCE TO REGULATE THE TAKING AND HOLDING OF ASSIGNMENTS OF WAGES OR SALARIES

Be it ordained by the Council of the City of Knoxville:

SECTION I

That hereafter all assignments of wages or salary of any person shall be in writing, signed by the assignor and shall bear the true date upon which such assignment is executed, the amount assigned, and the net amount received by the assignor: and it is hereby made the duty of all persons, firms or corporations taking or procuring such assignments of wages or salary to enter thereon the true and correct information above required.

SECTION II

Be it further ordained, That it shall be the duty of each and every person, firm or corporation taking or procuring an assignment of wages or salary to file, within three days after the taking thereof a full, true, and perfect copy of such assignment with the person, firm or corporation by whom the wages or salary so assigned is to be paid.

SECTION III A

Be it further ordained, That it shall likewise be the duty of each and every person, firm or corporation taking or procuring an assignment of wages or salary to give a full, true and perfect copy of such assignment to the assignor immediately upon the taking thereof.

SECTION III B

Be it further ordained, That any assignment taken in violation of the provisions of this ordinance shall be void.

SECTION IV

Be it further ordained, That each and every person, firm or corporation taking or procuring an assignment of wages or salary and failing to comply with the provisions of this ordinance shall be deemed guilty of a misdemeanor, and, upon conviction thereof, shall be fined not less than five ($5.00) nor more than fifty ($50.00) dollars for each such offense.

SECTION IV A

Be it further ordained, That if any action or clause of this ordinance shall be declared unconstitutional, it shall not affect the remaining sections and clauses.

SECTION V

This ordinance shall take effect seventeen days from and after its passage, the welfare of the City requiring it.

W. M. Fulton,
Presiding Officer of the Council.
Frederick A. Ault,
Recorder.

Passed final reading Sept. 16, 1924.

RHODE ISLAND

Mr. Watrous, General Secretary of the Chamber of Commerce, Mr. Street of the Chamber, Mr. Wick and myself met last Thursday and laid the foundation for the convention in Providence next September.

Mr. Wick has the entire, tentative program, and is to send you a copy within a few days if he has not already done so. You will find us on the job every minute, and if we seem to lag in any of the necessary things to be accomplished, just write us about it.

We are sending you a copy of the minutes of our last meeting, and you can use Mr. Wick's program with it as copy for the Lenders News.

J. H. Wickstrom, *Secretary.*

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Providence Biltmore Hotel, Providence, R. I., at 7:15 p. m. Thursday, October 16, 1924.

The meeting was called to order by W. G. Wood.

Nine members were present.

On motion of Mr. Wick, seconded by Mr. Neal, the minutes of the meeting of June 19, 1924, were approved as distributed.

On instruction of the Chair the roll call was dispensed with.

Report of Officers

Chairman Rich reported progress.

Treasurer Neal reported on hand October 16th, $82.52 and on motion of Mr. Pomfret, seconded by Mr. Delaney, this report was approved.

Secretary Wickstrom reported thirteen members in good standing as of August 1, 1924. No delinquents.

New Business

A committee of three, Mr. Wood, Mr. Lovegrove, and Mr. Wickstrom, were appointed to interview the advertising manager of the *Evening Bulletin* to arrange, if possible, to secure better position for our ads that appear daily.

We are paying for classified advertising but do not get it, and should be placed in the classified or preferred column.

Mr. Wick has promised to take it up with the Chamber of Commerce providing that the committee are not successful in obtaining the space in the *Bulletin* that we are entitled to and pay for.

Mr. Nelson Street of the Chamber of Commerce commended the members on their ability to bring to Providence the next convention of the National Industrial Lenders Association. He mentioned that the Chamber would give its whole hearted support to make this convention the best ever.

Mr. Street was given a vote of thanks for having perfected the arrangements whereby the Rhode Island Industrial Lenders Association gets the next convention.

On motion of the Chair, Mr. Wickstrom was given a rising vote of thanks for his interest in behalf of the Rhode Island Industrial Lenders Association at the recent convention at Baltimore.

Mr. Wick of Philadelphia gave a splendid talk on the valuation of the Exchange Bureau and cited many instances where the exchange had been in operation and how the members had remarked that through this exchange it prevented, in a short time, any customer from having more than one loan.

Mr. Wood also commended on the goodness of an exchange of this kind and is heartily in favor of starting it at once. Eleven members are reported as favoring this exchange which should become effective within the next two weeks.

Mr. Street said that the Chamber would be willing to take care of the exchange in Providence for a nominal sum and as soon as the Providence members were ready and had decided on what plan was best, to submit their plans to him.

Mr. Watrous, General Secretary of the Chamber of Commerce, with Mr. Street also of the Chamber, Mr. Wick, Mr. Wood and Mr. Wickstrom formed a committee to work out a tentative program for the convention next September. The convention headquarters will be the Providence Biltmore Hotel and the date for the convention, September 2, 3, 4, and 5th.

The following committees were appointed: Publicity Committee, Mr. Moran, Chairman; Entertainment Committee, Mr. Kennon, Chairman; Reception Committee, Mr. Delaney, Chairman; Finance Committee, Mr. Neal, Chairman; Ladies Committee, Mrs. Wickstrom Chairlady; Program Committee, Mr. Kehr, Chairman; Speakers Committee, Mr. Watts, Chairman. On motion of Mr. Wood, seconded by Mr. Rich, the Personal Finance Company of 76 Dorrance Street, Providence, was unanimously elected to membership.

J. H. Wickstrom, *Secretary.*

PROVIDENCE STARTS EARLY

Dear Mr. Kehr:

I promised Mr. Wickstrom, Secretary of the Rhode Island I. L. A., that I would send you a copy of the tentative ground work for next year's Convention at Providence, R. I.

The Rhode Island members had an Association meeting last Thursday evening, and I want to say that they are a snappy bunch and got busy quickly. Every member is enthusiastic over the coming Convention and I know you can rely on each and every one of them to do their part to make the 1925 Convention a pleasant memory. They have decided to make it a New England affair if the members of the Maine, Massachusetts and Connecticut Associations signify their willingness to go along. The Secretary has been instructed to write them, but Rhode Island is ready to handle the thing alone if one of the other Associations would prefer entertaining in their state in the near future.

We are going to have the hearty support of the Providence Chamber of Commerce, which stands ready to assist us in every way possible toward making this affair a success. They will have a stenographer at the Registration Desk continually, to write letters for guests, answer questions and direct the ladies concerning matters of interest in Providence. This organization will also see to it that we get all the publicity desired. They are willing to take entire charge of, not only Rhode Island, but country-wide publicity, or they will be glad to assist a publicity man selected by the Association, who is to write up the matter and they will assist in having it broadcasted. They will arrange to secure any speaker who we may desire in their locality and we can't aim too high, for they are able to get anything we want.

Mr. H. Nelson Street, who is the convention man of the Chamber of Commerce, has requested that you send him any publicity matter you wish broadcasted and he will see that the newspaper items appear promptly. Will you be good enough to communicate with Mr. J. H. Wickstrom, Secretary of the Rhode Island Association, 87 Weybosset Street, Providence, R. I., on Convention matters and if convenient, we would be pleased to see copies of letters passing through, so we may at all times be in touch and assist where possible, for the smooth-running of the program.

Without realizing that other New England States should be entitled to chairmanship of various committees, they appointed mostly Rhode Island men, but the list may be changed if other New England States signify their desire to help. The Committee Chairman appointed tentatively, are as follows:

Business Program, Kehr; Speakers, Watts; Publicity, Moran and Hartz; Finance, Neal; Entertainment, Kennon; Reception, Delaney; Ladies Committee, Mrs. Wickstrom.

Mr. Wood is showing a wholehearted interest in the success of the coming Convention and I thought it would be nice to have him represent the Rhode Island Association in answering addresses of welcome. I know he would be glad to act as toastmaster of the banquet if Mr. Aufderheide prefers not to accept this honor.

The matter of speakers for the banquet hinges somewhat on Dr. Faunce being in Rhode Island at the time of our Convention. You will note that we selected two additional speakers of note in case he is unable to participate. Mr. McDonnell, now President of the Chamber of Commerce, is a very able speaker and he may favor us even though he refuses to accept reëlection at the January meeting of the Chamber of Commerce. The first choice of speaker for the luncheon, Mr. Anthony Dyer, is a witty orator and will honor us if he is in the city at this time. You will note that there are three substitutes in event of Mr. Dyer being unable to be present.

The entertainment of the ladies is also subject to change, depending on future developments.

Definite arrangements have already been made with the hotel for the dates as specified, September 2nd, 3rd, 4th, and 5th. The hotel is well adapted to entertaining conventions, having all the comforts of the best class hotels, all rooms having connecting baths. On the matter of reservations, the guests should know that single rooms with bath may be secured from $4.50 upward. Double rooms with bath for two persons, $6 and $6 50. Rooms with twin beds for two persons, $6.50 to $8. I am giving this information from memory, as I do not have my notation before me at this time.

The visitors will find that Providence will hold out a welcome hand and make things as pleasant as possible. Now that the boys have started out, they are going to have occasional meetings, which will be increased in number as time goes on.

It is now in order for you to make suggestions, which I know they will be glad to follow. Arthur L. Wick.

TENTATIVE GROUND WORK FOR NATIONAL CONVENTION TO BE HELD AT PROVIDENCE, R. I.

(as planned by the Rhode Island Association.)

Convention to be held September 2nd, 3rd, 4th, & 5th, 1925.—Wednesday to Saturday inclusive, at Providence-Biltmore Hotel, Providence, R. I.

Tuesday, September 1st

Registration 1 P. M., until 9:30 P. M.

Wednesday, September 2nd

9 A. M.—Business Session.
10 A. M.—Address of Welcome by Mayor.
Address of Welcome for State Association, by G. W. Wood.
Address of Reply for the National Association, Messrs. Aufderheide, Mueller, Watts or Hodson.
A. M. Ladies—"Know Providence" and get acquainted in lobby of hotel.
Noon 12:30—Luncheon by hosts. Address by Richard B. Watrous, Secy. Chamber of Commerce, and
1. Anthony Dyer—Artist, or
2. Fred Sibley
3. George W. Gardner
4. Reginald Heber Smith.
2:30 P. M.—Business Session.
P. M. Ladies—Tour of Inspection,
Brown University,
Gallery of Art,
Old Colonial House,
First Baptist Church.
Night—Dance at hotel, Arcadia or Rhodes.

Thursday, September 3rd

9 A. M.—Business Session.
9 A. M. Ladies—Tour of Department Stores with guide.
2 P. M.—Business Session.
P. M. Ladies—Matinee performance.
7 P. M.—Banquet and vaudeville.
Toastmaster—Messrs. Aufderheide or Wood.
Speakers—Dr. William H. P. Faunce, President Brown University; T. F. I. McDonnell, President Chamber of Commerce and ?—Rhode Island Governor.

If Dr. Faunce is out of the city, substitutes are:

1. Rev. Arthur H. Bradford, Central Congregational Church.
2. Rev. Edward Holyoke, Calvary Baptist Church.

Friday, September 4th

A. M.—Business Session to be held at Newport, R. I.
(To be reached by chartered boat, taking 1½ hours for trip, with beautiful scenery along the shores, or by bus. Boat or busses to be in readiness for return trip at night.)

On arrival at Newport instead of a business meeting, the visitors will look around and be in readiness for an early luncheon.

Business Session 1 P. M. to 5 P. M.
P. M. Ladies—Bus ride, bathing and shore amusements.
6 P. M.—Real Rhode Island Clam Bake.
Night—Dance.—Return by boat or busses 10 or 11 P. M.

(Rhode Island members considering closing all offices to enable every employee to participate.—Nothing definitely decided.)

Saturday, September 5th

9 A. M.—Business Session—Election of officers, etc.
Ladies—Do As They Please.

Visitors who so desire can profitably spend the week-end in Providence, Boston, Narragansett Pier, Newport, Plymouth and other resorts. Visitors desiring to leave on Saturday will find excellent train service from 2 P. M. on or by sleeper to New York, Philadelphia and the South.

PENNSYLVANIA

The regular meeting of the Pennsylvania Industrial Lenders Association was held in Parlors E and F, William Penn Hotel, Pittsburgh, Pennsylvania, at 2 P. M. on Thursday, October 9, 1924.

The meeting was called to order by Vice-Chairman P. B. Reeves.

Thirty-five members were present.

On Motion of Mr. Hart, seconded by Mr. Henderson, the minutes of the meeting of July 10, 1924, were approved as distributed.

On instruction of the Chair, the Roll Call was dispensed with.

Report of Officers

Chairman Herron, being absent on account of illness, no report.

Treasurer Ezekiel reported on hand October 8, 1924, $2,957.31 and on motion of Mr. Moss, seconded by Mr. Buck, this report was approved

Secretary Watts reported a membership of 107, 100 in good standing as of December 31, 1924. One of the delinquent members is overdue since July 1, 1923, one since January 1, 1924 and five since July 1, 1924. Seventy-five of our members are members in good standing of the American I. L. Association as of February 1, 1925. There are 252 licensed lenders in Pennsylvania. On motion of Mr. Ezekiel, seconded by Mr. Hartman, this report was approved.

Publicity Committee Chairman Moore reported through Mr. Watts, that generous publicity had been given throughout the state covering the meeting of to-day.

Entertainment Committee Chairman Hart commented upon the goodness of the meeting held at Reading in July and specifically urged each member to recognize the opportunity for properly educating business associates and friends, and referred particularly to the so-called independent lender, in his desire to have full representation at the annual meeting in Philadelphia, Bellevue-Stratford Hotel, December 3rd.

UNFINISHED BUSINESS

The Secretary reported the dismissal of the Holtz prosecution in Philadelphia by the Banking Department. Mr. Holtz has taken out a license and has pledged himself to conduct the business of lending small sums to necessitous borrowers under the state regulations. The prosecution of the Lincoln Commercial Company of Philadelphia is listed for trial in October.

The question of the dues of the Citizens Loan and Investment Company of Williamsport, which was referred at the last meeting to a Committee consisting of the Chair and Mr. Hart, was on order of the Vice-Chairman, laid over.

NEW BUSINESS

On motion of Mr. Hartman, seconded by Mr. Fahringer, the following lenders were unanimously elected to membership —Tennis Finance Company, 6009 Chestnut Street, Philadelphia, Personal Finance Company of New Castle, 201 Greer Building, New Castle, and the United Small Loan Corporation, 212 Pittsburgh Life Building, Pittsburgh. Carried.

The recommendation of the Executive Committee, with respect to a member whose stock sale promotion literature seems to be contrary to the spirit of to-day's conduct of the business of making loans to necessitous borrowers, was considered and on motion of Mr. Hart, seconded by Mr. Henderson, the Executive Committee was ordered to have this member present himself before them at a time mutually agreeable to confer on the entire question.

On motion of Mr. Gill, seconded by Mr. Henderson, the Secretary was authorized to inform the Sesqui Centennial Association of Philadelphia, of our endorsement of their intent to celebrate the 150 years of American Independence.

On motion of Mr. Hart seconded by Mr. Ezekiel, the Secretary was instructed to draft a suitable resolution of approval of the general letter of the Banking Department, with respect to the segregation of the sale of stocks and bonds from the conduct of the business of lending.

"PETER G. CAMERON, ESQ.,
Secretary of Banking,
"Harrisburg, Pennsylvania.

"DEAR MR. CAMERON:

"We, the members of the Pennsylvania Industrial Lenders Association, licensed under the small loan act, in a meeting assembled at Pittsburgh on October 9, 1924, and having before us your general letter to all small loan licensees, of September 22, 1924.

"*Resolved,* To approve of the action taken by you and to commend your effort to keep the business of making small loans to necessitous borrowers dignified and the conduct of the licensees within both the letter and the spirit of the law.

"*And it is further Resolved,* That Secretary of Banking Cameron be assured of the willingness of the Pennsylvania Industrial Lenders Association to at all times coöperate in strengthening the relationship between the Banking Department and licensees and to so conduct the business as to be regarded as a necessary branch of American finance in the communities in which they are engaged.

C. H. WATTS, *Secretary.*"

Messrs. Ezekiel and Hart reported as delegates to the Baltimore Annual Convention of the American Industrial Lenders Association, and both spoke in glowing terms of the splendor of the occasion and urged all to prepare to be in attendance at the next meeting in 1925 at Providence, Rhode Island.

On motion of Mr. Buck, seconded by Mr. Liggett, it was unanimously agreed that the members desiring the help of members in other cities in Pennsylvania, in the collection of accounts, to forward the necessary information to the Secretary, he to forward the account to the member who will undertake to collect it and in this way to divide the responsibility of collection accounts among the members. Further, that accounts for collection in other states should be forwarded direct to the Secretary of the state association in which the account is located and he will perform a like service. This resolution was unanimously adopted at the Baltimore Convention and it is now approved.

The general discussion which followed J. F. Rupert's, of the Atlas Loan Society of Pittsburgh, well prepared paper on "Coöperation with Retail Credit Associations," indicated how vital and important a question was proposed. Mr. Rupert was given a vote of thanks for his intelligent proposal of this subject.

On motion of Mr. Ezekiel, seconded by Mr. Liggett, a vote of thanks was tendered the Pittsburgh Committee for their having perfected the arrangements for the luncheon, business meeting and dinner, to be followed by dancing.

C. H. WATTS, *Secretary.*

At the luncheon served prior to the business meeting, John D. Werts, Assistant Cashier, First National Bank of Pittsburgh, gave a most interesting and instructive talk on "Banking Regulations." At the dinner served in the Ball Room of the William Penn Hotel, the 75 diners present were most agreeably repaid by the discourses of the Rev. L. Walter Mason, D.D., First Unitarian Church of Pittsbugh, whose subject was "Is Our Industrial System Moral?" Frank I. Gosser, Esq., who spoke on "Sentiment in Business" and Secretary Watts, whose subject was "This Place Under New Management."

VIRGINIA

The regular quarterly meeting of the Virginia Industrial Lenders Association was held at the Southland Hotel, Norfolk, Virginia, July 27, 1924

The business meeting was called to order by Chairman Pope at 2:30 P. M.

By order of the Chair the minutes of the previous meeting were read and approved.

The Secretary called the roll and the following members were represented:

Citizens Loan Society, The Empire Company, National Small Loan Society, Atlantic Small Loan Co., Norfolk Loan Society, Beneficial Loan Society, Universal Small Loan Corp., and Norfolk Security Company, of Norfolk; Beneficial Loan Society, of Portsmouth; Portsmouth Security Company, of Portsmouth; Universal Small Loan Corp. of Suffolk; Roanoke Loan Society of Roanoke; Lynchburg Loan Society of Lynchburg; Citizens Loan Society, Universal Small Loan Corp., National Small Loan Service, United Small Loan Company, Home Guarantee Company, and Personal Small Loan Company, of Richmond.

We also had with us Mr. Mattingly and Mr. Pumphrey of Baltimore and Mr. Smithdeal of Richmond.

COMMITTEE REPORTS

Secretary: Secretary Bray reported that we had a total membership of twenty-eight (28) with twenty-five (25) members dues paid up to date. He also reported that he received an application from the Personal Small Loan Company of Richmond for membership in May. He sent out a ballot to all members of the Executive Committee by mail, and they were unanimously elected. Upon motion of Mr. Pope, seconded by Mr. Phillips, the Secretary's report was adopted as read.

Treasurer: The Treasurer reported $355.90 on hand with all bills paid. It was moved by Mr. Mattingly and seconded by Mr. Bray that the treasurer's report be accepted.

Executive: Chairman Herbert was not present and there was nothing to report.

Membership: Chairman Reynolds was not present and there was nothing to report.

Publicity: Chairman Phillips said he had made arangements to have a news item at this meeting run in the newspapers, but had nothing else to report.

Legislature: Chairman Hodson was not present and there was nothing to report.

Communications: The Secretary read a letter from the National Secretary, Mr. Kehr, regarding the collection of foreign accounts. This was discussed, and the Association unanimously went on record that we collect all foreign accounts free of charge for members of the American Industrial Lenders Association, and that our delegate to the National Convention be instructed to vote accordingly on this matter.

New Business: Mr. Pope brought up the matter of advertising. He said it had been brought to his attention that we did too much advertising, encouraging the public to borrow. There was some discussion on this, but nothing was done at the present time.

Mr. Northey brought an invitation from the Retail Merchants Association for all members in Norfolk to join their Association. Mr. Mattingly moved that a Committee be appointed to meet with the Secretary of the above Association and report back later to the Virginia Association. The Chair appointed Messrs. Northey, Bradshaw and Porter. They reported back that the Retail Merchants Association would be glad to operate a special clearing house for us if all the loan offices would join. The dues would be $100.00 a year, payable quarterly in advance.

Two of our Norfolk members had already joined, and another promised to join. This was left to be discussed by the Norfolk members later.

Mr. Mattingly, Chairman of the Publicity Committee for the National Convention held in Baltimore, September 24-25-26-27, asked all members to attend and assured them that they would have the time of their lives.

It was necessary to select a delegate to represent us at the National Convention. Mr. Bray was nominated by Mr. Bradshaw, and seconded by Mr. Phillips. Mr. Appleby was nominated by Mr. Mattingly, secondly by Mr. Pumphrey. Mr. McMurtrie was nominated as alternate delegate by Mr. Mattingly and seconded by Mr. Porter. The Chair appointed Mr. Bradshaw to take a ballot and Mr. Appleby was appointed delegate and Mr. McMurtrie alternate delegate.

It was decided to hold our next meeting at Roanoke, Thursday October 23, 1924.

The Chair appointed Mr. Price to act as Chairman of the Entertainment Committee and get other members in that city to help him.

There being no further business to transact the meeting adjourned at 5:15 P. M.

We met in the Banquet Hall at 6:30 P. M. The principal speakers were Senators Smith and Barron, Dr. Howard I. Stewart, Pastor of the First Baptist Church, and Major William E. Callender. Attorney Cleaton E. Rabey acted as Toastmaster.

This was the best meeting ever held by the Virginia Industrial Lenders Association. FRANK BRAY, *Secretary.*

HAVE YOU ANY ACCOUNTS IN BUFFALO?

DEAR SIR:

Some time ago I wrote to you requesting the name of some correspondent in Buffalo, N. Y., who could handle a collection there for us. You gave me the name of the Buffalo Security Company and they in turn gave me the name of Burt J. Wall, the Deputy Sheriff, of 26 Trinity Place, Buffalo. I wish to recommend Mr. Wall very highly to any other of the Association Lenders who have collections in Buffalo. He has handled two accounts for us there, both of which were very bad accounts. He has succeeded in collecting the accounts in full and his work has been very satisfactory and his collection charges reasonable. JAMES P. GILL, *Manager.*

Community Finance Service, Inc.,
Altoona, Pa.

SMALL LENDERS TOLD TO WATCH LEGISLATION

Senators Smith and Barron Make Addresses at State Association Meet

"I am well aware that the general public throughout the state appreciates the service your association is rendering. Your association has filled a long felt want, not only in Virginia, but in every commonwealth where you have organized," stated Senator Alfred C. Smith, of Norfolk County, in an address last night before the Virginia Industrial Lenders' Association, which held its quarterly meeting at the Hotel Southland. The senator referred to the association as "the working man's friend," and called attention to the fact that there are some members of the Virginia legislature who are trying their utmost to destroy the business of this association.

"I know of no more worthy undertaking than that in which you people are engaged, but, remember, that one of the greatest obstacles that you have to encounter and contend with is the law-making body of your State. There are some men in the General Assembly of Virginia who do not understand your business, and are trying to destroy it; and, gentlemen, if we here expect to progress as our neighbors on the north, south and west you will have to send the right people to the legislature—people that are familiar with your profession and your activities."

L. E. Pope, chairman of the association, presided at the meeting, and Attorney Cleaton E. Rabey acted as toastmaster. Major Wm. E. Callender delivered a short address, commending the work of the association. Dr. Howard I. Stewart, pastor of First Baptist Church, was the "life of the party" for a short while, and Senator J. S. Barron, of Norfolk, delivered the principal address.

"A good many people in Virginia understand and appreciate the need of such an association as yours. You people do a great deal of good when you extend a loan to one in need. There probably will be a bill introduced shortly to cut down your rates of interest, and my advice to you would be to get in touch with the man who reads the bills in the house and when such a bill is introduced, have him advise you in time in order that you may fight it before it reaches the committee. There is not a great deal of work attached to it when it is reached at that stage—before it reaches the committee."

Representatives from all over the state attended the meeting. Among those present were:

George McCallum, Roy L. Northey, C. S. Phillips, W. H. Appleby, Cliff Cross, Herbert Minor, H. M. Porter, Dr. Howard I. Steward, of Norfolk; and F. Bray and W. F. Bradshaw, secretary and treasurer of the association. L. E. Pope, chairman of the association; E. H. Biel, C. H. Purvis, A. B. McMurtrie, U. S. Kenworthy, and W. R Smithdeal, of the Smithdeal Business College, of Richmond.

M. B. Coker and William Biel, of Portsmouth; Senators J. S. Barron and Alfred C. Smith, of Norfolk and Norfolk County, respectively, and Major Wm. E. Callendar, of Norfolk; Messrs. Mattingly and Phumphrey, of Baltimore, and Mr. Hardiman, credit manager for Watt's of Norfolk, who impressed the association with the importance of coöperation between the retail merchants of Norfolk and the local Industrial Lenders.

Members of the association from Roanoke, Lynchburg, Richmond, Portsmouth and Norfolk expressed themselves that the meeting in Norfolk last night was the most successful of all gatherings previously held.

Chairman Pope announced that the next state association meeting will take place in Roanoke, October 3rd, and that the National Association will meet in Baltimore, September 24th-27th.

CONNECTICUT

A meeting of the Connecticut Association was held at Hotel Stratfield, Bridgeport, Conn., Wednesday, October 15, 1924.

The meeting of the above Association was called to order after luncheon, at 3 P. M., by Chairman Edwards.

Those present were as follows: Beneficial Loan Society, New Britian, Mr. Murchie; Equitable Industrial Loan Society, Bridgeport, Mr. Roberts; Hartford, H. G. McMullin; New Haven, Mr. T. S. O'Brien; Waterbury, A. S. Edwards; Mutual Finance and Investment Co., Bridgeport, F. H. Lovegrove; National Loan Co., Hartford, Mr. Gwellym; Personal Finance Co., Bristol, A. C. Kelsey.

Visitors: New England Equity Corp., Bridgeport, Mr. Bumsted; Bitting, New Haven; A. H. Sanderson, Hartford, Conn.; H. M. Dunbar, Norwich; Fidelity Finance Corp., New Britain, Joseph Chernoff; United Loan Company, A. H. Kanto and Mr. Kinder, Bridgeport; Silver Loan Co., New Haven, D. DiCerbi; Columbus Finance Corp., New Haven, M. DelVecchio; People's Finance Co., Hartford, Louis Saxe; Fidelity Loan Co., Bridgeport, Mr. Miller.

The Chairman, T. C. O'Brien, of the Membership Committee gave a report on the campaign for new members.

On the subject of coöperation, very helpful talks were given by Mr. Bitting of the New England Equity Corp., Mr. Lovegrove of the Mutual Finance and Investment Co., Mr. Edwards of the Equitable Industrial Loan Society and Mr. Saxe of the People's Finance Co.

Under the head of unfinished business, Mr. Edwards, Mr. O'Brien and Mr. McMullin were appointed a committee on application forms for new members.

The delegate to the National Convention, Mr. McMullin made a report.

On account of the meeting of the legislature this winter, Mr. McMullin was made Chairman of the Legislative Committee. H. G. MCMULLIN, *Secretary.*

ILLINOIS

The afternoon session of the joint Illinois and Iowa State Association meeting was attended by sixty-eight members and we served one hundred seventy dinners at the Banquet. Ohio was represented by one member; Indiana by nine, including the National Chairman, Mr. Aufderheide; and Iowa by eleven, including Judge Wood, Attorney Dunshee, and Miss Beach, State Examiner.

We want to recommend the joint meeting idea to other state associations for we believe that they promote neighborly state good fellowship, create wider and renewed association interests, have a broadening influence and tend to get the members away from the old home state which might result in better National Convention attendance.

There was not a single disappointment on the program; every speaker at both sessions appeared and did himself credit. Each participant in both the afternoon and evening sessions is to be congratulated and has been given an expression of appreciation by the Illinois Executive Committee.

All the talks and papers were splendid but, of course, all of them cannot be published in THE NEWS, however, we will appreciate your spreading the National Chairman's address, copy of which you will find enclosed herewith, in the next issue of THE NEWS.

L. T. BAKER, *Secretary.*

LOAN COMPANIES SUED

SPECIAL DISPATCH TO THE ENQUIRER.

Lexington, Ky., November 12.—The commonwealth of Kentucky, through Milton Board, State Revenue Agent, filed suit in the Fayette County, Circuit Court to-day against eight Lexington loan concerns seeking to collect license fees claimed by the State.

The defendants are operators of loan associations and the State asks for $1,250 said to be due in license fee tax and $250 as penalty in seven of the suits. In the suit against the Employees' Loan Company $500 fee and $100 penalty is sought.

Others defendants in the suits are Elkin Loan Company, City Trust Company, R. T. Benton, W. G. McDowell, Clark Trust Company, Standard Loan Company and Central Loan Company.—*Cinti Enquirer.*

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THE UNIVERSITY DEC

Ninth Annual Convention—Pennsylvania Association

Delay beyond the customary time for the holding of the annual meeting of the Pennsylvania Industrial Lenders' Association only served to increase the interest in and attendance at that event on December 3, in Philadelphia. Profiting by last year's experience, when the available accommodations at the Bellevue-Stratford Hotel were inadequate for the number of those attending the annual dinner, the officers of the Association this year decided to obtain a room large enough for its dinner guests even though the date for the convention had to be set later than has been customary.

The wisdom of their decision was attested by the number of those who attended the ninth annual banquet in the grand ball room of the Bellevue-Stratford Hotel on the night of December 3. It was the consensus of all those fortunate enough to attend the dinner that it marked high tide in the Association's list of notable successes and set a new mark for future dinners to excel or even equal. But, brilliant and enjoyable as this recreational feature of the convention was, its more serious side as represented by the business sessions proved of solid importance because of the constructive discussion of problems of the lending business which were generally participated in by members attending.

Incident to the business transacted, was a spirit of state pride and public spirit manifested in the motion unanimously by the meeting to appropriate $100 toward the $25,000 fund being subscribed for the purchase of the Penn Charter, in order to assure its preservation as a public treasure. The famous document signed by William Penn in 1682 for the benefit of the people of the colony is now held in private ownership, and the purpose of the fund is to purchase it for presentation to the State.

The first session of the convention was called to order Wednesday moning, December 3, in the Clover Room by Chairman W. S. Herron of Philadelphia, with Charles H. Watts in his place as secretary.

An extended discussion followed Chairman Herron's statement of the practice of a lender in lending to a borrower even after it had been ascertained through the Exchange Bureau that the borrower had obtained the maximum of loans from other lenders.

Upon invitation of the Chairman, W. P. Woll, of Chicago, Chairman of the Finance Committee of the American Industrial Lenders' Association, took the floor to explain the action taken at the last annual convention in Baltimore relative to a voluntary increase in membership dues in the national body. Mr. Woll asked that the State Association approve the action of the Baltimore Convention and on motion of Mr. Watts this was done.

After the morning session luncheon was served in the room adjoining. The only speaker was James H. Maurer, president of the Pennsylvania Federation of Labor. Mr. Maurer spoke extemporaneously, and the sincerity and earnestness of his remarks obviously impressed his hearers and held their closest attention. Of plain, unassuming address and without the oratorical graces that many public speakers affect, Mr. Maurer was yet at ease and so effective in the vigor and earnestness of his utterances that his talk undoubtedly "got over" with his audience to a much greater extent than many addresses of more polish and pretension.

At the outset he disclaimed any purpose to tell his hearers anything about their business since he was more concerned in outlining to them the attitude of working men. Referring to the earlier days of industrial lending, he spoke of the evil that attaches to the giving of a bad name, declaring that this was a handicap that had been removed by the reforms attending the legalization of industrial lending. His own understanding of the difference between lenders who exploit borrowers and those who operate in strict compliance with law had come, he said, only after study of modern methods, and the best way to bring about a general appreciation of the fairness and usefulness of industrial lending was to demonstrate by their dealings with the public that the industrial lender does not seek exploitation of borrowers but seeks to relieve those who most need relief.

Mr. Maurer referred to the necessity for the small loan business, not for the well-to-do but for those who possess no bankable security and who are the greatest beneficiaries of a system of financing on equitable terms. To exploit this class, he declared, would be criminal.

"Bear in mind," he said, "that those who are sorely in need of money are in no more position to dictate the terms of a loan than are those in need of employment able to lay down the terms under which they will work."

Mr. Maurer stated it as his opinion that a second handicap to the lending business was the first impression the public gets of the legal rate of interest charged on industrial loans. "You may know the rate is not excessive," he said, "but the borrower does not know it, and the impression he obtains that the rate is too high scares away many prospective borrowers."

Qualifying his remarks with reference to the rates by saying that his recommendation for a reduction in it was not based on any exhaustive study of the risks and expenses of industrial lending, but that it proceeded merely from surface observations, Mr. Maurer suggested that the rate should be reduced to the lowest point at which a fair profit could be made. He believed, he said, that this reduction in the end would result in greater profits through the greater numbers of borrowers it would mean.

Describing the conditions of working men in the State, Mr. Maurer spoke for better workmen's compensation law, for an old age pension law and for child education. He decried Americanization by pagentry, flagwaving and patriotic singing. More practical methods than these were needed to make good Americans of the alien, he declared. More could be done, he thought, in this direction by throwing every safeguard around the workmen to protect him from exploitation, to insure him adequate compensation when injured in the performance of his work, or to his family if he loses his life while so occupied, by providing old age pensions which would prevent the scrapping of workers in their old age and by giving every child an equality of opportunity through education. "You cannot sing Americanism to the alien or ram patriotism down his throat," he declared.

The speaker asserted that the industrial lender could do much in the work of Americanization by just and humane treatment of the ignorant workers in their financial difficulties. He drew a parallel in the relations of labor leaders and lenders toward industrial workers, for he said that both saw the miseries of the poor at first hand. The lender, while not in business for mere love of humanity, had opportunities for service, for he came closer perhaps to the misfortunes of the poor than any other business and by a mixture of philanthropy—not charity—in his dealings with this class he could be of great help, not only to his business but also to society.

Upon the reconvening of the meeting for the afternoon session the Committee on Nominations reported, and the following officers were elected for 1925: State Chairman, P. B. Reeves, Pittsburgh; first vice-chairman, William Young, Philadelphia; second vice-chairman, V. D.

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NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.
R. I.—G. E. Rich, 26 High St., Pawtucket.
Va.—L. E. Pope, 206 E. Grace St., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, W. M. Snow, 465 Congress St., Portland, Me.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, G. Hodson, 135 Broadway, New York City.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Moss, Philadelphia; treasurer, Joseph Devine, Philadelphia; secretary, Charles H. Watts, Philadelphia re-elected.

The prepared program of papers was then carried through, the first paper being by Harry B. Halloway, Philadelphia, on "A New Path Across an Old Field." Mr. Halloway's paper will possibly be published in one of our subsequent issues along with other papers prepared for this meeting.

The annual dinner was held in the grand ball room of the hotel at half past six o'clock in the evening. Covers were laid for about 500 diners with a cleared space for dancing in the middle of the floor facing the speakers' table on a dais at the east end of the room. The ballroom was beautifully decorated with Christmas greens, palms and smilax, festoons of which descended from the center of the vaulted roof of the ballroom to many different points in the balcony.

The decorations at the tables were cut flowers and at each plate were dinner favors of gaudy headdresses, Japanese parasols, many-colored toy balloons, rattles, whistles, bells and other noise making instruments, which were speedily put in use by the dancers as a way to emphasize their requests for encores from the excellent jazz band which gave a program during the serving of the dinner. The menu card was an unusual example of the printer's art, being a booklet with covers of grained silver, with a scroll border of pale gold and lettering of royal blue. The frontispiece of the booklet was an excellent photogravure portrait of Walter S. Herron, the retiring State Chairman. Other pages bore the menu, quotations from distinguished men commendatory of the Uniform Small Loan Law, the names of the dinner speakers and of the list of state officers and of the executive and entertainment committees of the Association, and the program of musical numbers and the entertainment which followed the after-dinner speaking.

In keeping with the high grade quality of the menu card was the dinner itself, which was of seven courses, excellently served and thoroughly enjoyed by the diners. Mr. Watts presided as toastmaster at the after-dinner speaking, and acquitted himself with the grace, ease of manner and felicity of expression that he has acquired through long experience in the role of a public speaker upon whom many calls have been made.

William F. Broening, formerly Mayor of Baltimore, the first and principal speaker of the evening, referring to the festive character of the evening as evidenced in the holiday decorations, said that it was his intention to yield to its sway by making his remarks very brief. He had caught the inspiration of the occasion, he said, which was a meeting of minds for the discussion of how to conduct their business in a manner calculated to meet with public favor and to merit confidence.

Down through the ages, from the slaying of Abel by his brother, mankind had been burdened with a heritage of selfishness, he said, and this selfishness had characterized the early days of lending which had brought it into that public disfavor from which it had been rescued only by its rehabilitation at the hands of men with a vision of fairness and of service.

Mr. Broening recounted the experience of a family threatened with disruption because the wife had become a victim of exploitation, from which he had been able to extricate her upon her appeal to him. It was this, he said, which had first prompted his interest in remedial loan legislation. Commending the wisdom of the law regulating industrial lending on terms of fairness equally to borrower and lender, he declared that not until the Uniform Small Loan Law was enacted was the problem of industrial lending solved.

Those responsible for the enactment of the law, he said, were entitled to the gratitude of the great members of people of small means who were the direct beneficiaries of the service now rendered by legitimate lenders. The best feature in the law, in his opinion, was the provision placing its administration with the State Banking Department and requiring that the books of lending companies be open to the State's bank examiners It was this supervision, he asserted, that had eliminated the undesirable lenders from the business.

Reviewing the changes effected by the operation of the law, he said there had been an honest effort to conduct the business along proper lines, to make it serve a useful purpose by helping to tide over the needy in emergencies and to provide a service to those who are unable to obtain financial assistance otherwise. One prime service rendered, he said, was in saving the self-respect of deserving persons by preventing the necessity of borrowing from friends or a recourse to charity. It was the law under which lending is licensed, he said that makes it possible to render a great and needed service to many.

The message the speaker bore, he said was the continuing sense of the responsibility and obligation the individual lender owes to his organization and to the state which has legitimatized his business. By bearing this in mind always industrial lenders would win and retain the confidence of the public, would be of real help to those deserving of help, and would help to dissipate the gloom in houses of poverty and bring a measure of happiness to lives otherwise cheerless and dark.

Concluding an address of evident sincerity and sympathetic understanding Mr. Broening said that the time of the year suggested as an appropriate message that lenders be actuated with the purpose to make the coming holiday a real Christmas for those applying to them for aid and to be animated by this same Christmas spirit in their business dealings throughout the coming year.

Edwin R. Cox, Philadelphia, who as State Assemblyman in the Pennsylvania legislature, was author and sponsor of the law under which industrial lending is conducted in that state, was the next speaker. Mr. Cox spoke of the importance of the personal equation in any business, for in any line good people engaged in it were necessary to the winning of public favor. He referred to his experience in welfare work which in 1907 first evoked his interest in remedial loans. He became convinced as a result of his observations then that lending to be of real helpfulness must be put on a plane which would attract to it business men imbued with ideals of justice and service.

In the nine years since the law had been on the statute books of Pennsylvania, he said, industrial lenders in the

State had gone along a course which at the present times spells *success*. He briefly sketched the persevering struggle to enact a law regulating lending, acknowledging the assistance he had from foward-looking men who are now in the membership of the State Association.

His experiences in his investigation of money lending prior to the introduction by him at three successive sessions of the State Legislature of a bill to regulate lending, had taught him that there are two sides to every question, that the lenders have rights as well as the borrowers. He urged that lenders of Pennsylvania continue to conduct their business with the same strict adherence to the letter and spirit of the law and the same jealous regard to the fair repute of their business, and saw in the future an ever increasing respect for them on the part of the public.

Mr. Watts, recalling his association in the days of working for loan legislation, with Captain Souder, Assistant Superintendent of Police of Philadelphia, then a Captain of detectives and of valuable assistance in the investigations that preceded the drafting of the proposed law, called upon him. Captain Souder disclaimed any intention of making a speech, but said he would merely greet his hosts and express the great pleasure he experienced in feeling that he had had even a little to do with making them happy in the present status of industrial lending.

Lafayette Temple, of Baltimore, the final speaker, kept his hearers in constant laughter by his witty comments on things in general and nothing in particular, by his good humored comments and humorous stories. Mr. Temple sounded the real "keynote" of his talk, which ranged the universe for topics, when he remarked well in the course of his discourse that he hoped his audience was not taking his utterances seriously, that he would be grievously disappointed if he thought he had been taken seriously. It was evident from the continuous responses his hearers accorded him that he was no more disappointed than they were.

After the speaking program, the entertainment program was given on the stage at the south end of the ballroom. Dancing until 1 o'clock Thursday morning followed the musical revue, and put the finishing touch to an evening which on all sides was pronounced complete in every particular.

The members of the entertainment committee, headed by A. V. Hart, Chairman were: J. G. Lobb, E. B. Webster, William Young, J. A. Lyons, V. D. Moss, A. S. Ezekiel, W. H. Darrach, and W. F. Buck.

SEMI-ANNUAL MEETING INDIANA ASSOCIATION

The semi-annual meeting of the Indiana Association was held at Logansport, November 13. The meeting was called to order by Fred Davies, President.

It was moved and seconded that the officers be authorized to select Hotel for Annual Convention.

G. W. Farrington, chairman membership committee, reported four new members since May. R. C. Aufderheide moved that the Association appropriate $200.00 for this committee to be used to increase the membership.

The meeting was turned over to the managers, D. T. Hurry acting as Chairman.

H. E. Arnett reported on the high spots of National Convention held at Baltimore; the various subjects discussed at the convention were reviewed, all of which will appear in the year book of the American Association.

L. L. Bishop of Indianapolis read a paper "Our Relations with the Public." Discussions followed by H. H. Burrell in which he advocated the closing of all loan offices on Saturday nights. R. C. Aufderheide, F. L. Thompson and A. R. Dana joined in the discussion.

Chas. Kienzle, representing Joseph Baum of Ft. Wayne read a paper "Our relations with Competitors." This was followed by a discussion by S. F. Smith, O. S. Beck, Mr. Staley and H. E. Arnett.

F. L. Thompson read a paper "Our Relations With Our Customers" in which he insisted upon Service being one of the factors that should not be overlooked. Discussions were followed by R. C. Hardisty, M. S. Kent and others.

Paul A. Hancock read a paper prepared by S. S. Ganser of Hammond on The Relations with our customers in which he said that years of experience have taught us that we gain the confidence and good will of our customers by showing them every courtesy, keeping their business confidential and accommodating them to the best of our ability.

The meeting adjourned for the luncheon which was held in the dining room at 12:15. There were present about twenty-five guests, merchants and professional men of Logansport.

The Rev. J. S. Corkey offered the invocation.

Music was furnished by the Melody Crew Orchestra.

Special numbers by Elmer Olson.

After luncheon, Judge D. C. Arthur welcomed the loan men to the city of Logansport and told us how we had increased the standards of our business since the Lenders had organized the Association.

Benj. Blumberg of Terre Haute gave the response.

The real treat of the day was given in a very humorous address by Fred High, editor and publisher of Chicago. His comparisons of the Service we could render to the public was given in his "Philosophy of Making Service Pay" and was thoroughly enjoyed by all.

Hon. Lowell Neff of Logansport gave an address on "Brotherhood of Man." Every man listened to this address to the fullest extent, his message was one of Service and during his address he said—"Americanism is not measured by percentage. It is by the service we are able to render to society."

A. C. Broughman read Mr. Levitt's paper on "Mirrors that Reflect." This paper will be published in the LENDERS NEWS and should be read by all. It was also read at a joint meeting of the Illinois and Iowa Association held in Chicago November 7th.

J. H. Aufderheide sent a telegram extending best wishes and regretted that he could not be present. A. C. Broughman moved and it was seconded that the secretary write Mr. Aufderheide a letter congratulating him as the newly elected Chairman of the American Association and to tell him the boys of the Indiana Association are with him to a man.

It was moved and seconded that Indiana adopt the code of ethics prepared by the American Association. Motion carried.

H. E. Arnett moved, seconded by A. C. Broughman, that a committee be appointed to draft uniform papers. Motion carried. It was suggested that this committee confer with Mr. Elmer Johnson before final adoption.

The open office was discussed but the consensus of opinion was that it did not meet with favor in Indiana.

C. N. Rider on the subject of "What Constitutes a Slow" said that a slow was one who could pay and did not, regardless of the time.

"Does the Association approve of Legal Action." The answer from those who discussed the subject was only in extreme cases and think the second time before filing a suit.

"Are Farm Loans Advisable at this Time" was answered by the remark that careful inspection should be made because live stock, especially horses are decreasing in value.

The secretary read the following opinion and this question was raised because of a suit filed to foreclose mortgage in which the kind of receipt given was attacked.

November 5, 1924.

MR. ROY F. HARTZ, *Secretary*,
Indianapolis, Indiana.

DEAR SIR:

Apropos of your recent visit to my office with Mr. W. A. Zumpfe touching the question of receipts to be given by small loan brokers in compliance with the Indiana statutes, I submit the following:

The question before us is whether Section 3 of the Act of 1897 now applies to licensees under the Act of 1917. In my opinion it does not apply. When the Act of 1913 was passed by the Indiana Legislature it constituted special legislation touching a particular class engaged in a particular, well defined business. Such legislation has been held to be constitutional and proper under the Indiana Constitution. The Act of 1913 contained in haec verba, all the provisions of Section 3 of the Act of 1897. The legislature thereby made those provisions a part of the special statute applying to the special business and thereby enacted that licensees under the Act of 1913 should give the receipt so specifically described in Section 3 of the Act of 1897. The legislature did not stop by leaving licensees under the Act of 1913 subject and amenable to the law of 1897 as it stood. It went further and made these provisions touching the character of the receipts specially applicable to licensees under the Act of 1913.

When the Act of 1917 was enacted the Act of 1913, including the section containing the provisions as to receipts, was expressly repealed, it being the apparent legislative intention that licensees engaged in business as small loan brokers should not thereafter be required to comply with the provisions of the Act of 1913 touching the character of receipts to be given. The legislature in effect said that these provisions shall no longer apply to licensees and such licensees shall not hereafter be required to give receipts as described in the Act of 1913.

The Act of 1917 provides that a plain and complete receipt shall be given the borrower upon the making of each payment. There is very much difference between a plain and complete receipt and the receipt described in the Act of 1897 and in the repealed section of the Act of 1913. The provision in the Act of 1917 that a plain and complete receipt shall be given undoubtedly dispenses with the giving of any other than a plain and complete receipt, this provision being entirely inconsistent with, if not repugnant to, the provisions of the Act of 1897.

Of course, as you suggested upon your visit to my office, the Act of 1897 still remains on the statute books and is undoubtedly applicable to persons taking chattel mortgages who are not licensees. Prior to the special legislation touching licensees, first enacted in 1913, the Act of 1897 was undoubtedly applicable to all persons taking chattel mortgages upon household goods, etc., as security for debt. The Act of 1897 remains on the books, but all of the acts of the legislature touching the subject of the chattel mortgage business must be construed together, and each of them given proper effect. The special legislation applying to the small loan brokers is complete and sufficient in itself. There are many provisions of our statutes touching the loaning of money which are yet inapplicable to small loan brokers. For instance, the General Usury Statute has not been repealed by any express enactment, but it is conceded that both the Act of 1913 and the Act of 1917 gave small loan brokers the undoubted power and right to contract for a much greater rate of interest than is permitted by the Usury statute. In short, the old Usury statute had been rendered inapplicable to licensees under both the Act of 1913 and the Act of 1917 by the express provision permitting them to charge a different rate of interest.

You will therefore readily see that the fact that a former act applying generally to all persons, as the Act of 1897 touching the character of receipts and the old Usury statue, is no longer applicable to licensed brokers under the Act of 1917, because the legislature in clear, specific terms has made different provisions respecting them. I still adhere to my opinion that the licensed small loan broker is not required to give anything more than a plain, complete receipt upon receiving payments from borrowers and that the provisions of the Act of 1897 touching receipts required to be given to borrowers are not applicable to your mortgages.

Yours very truly,

JAMES W. NOEL.

A motion that the Elks Lodge be given a vote of thanks and also the members of the committee who were responsible for the wonderful program was made, carried.

A motion was made and approved regarding the handling of foreign accounts. The American Association at their convention held at Baltimore passed a resolution recommending that all foreign accounts should be sent to the State Secretary of the State in which the account was to be collected.

R. F. HARTZ, *Secretary.*

OUR RELATIONS WITH OUR CUSTOMERS

BY CHAS. L. GANSER, *Manager, Provident Loan Association, Hammond, Indiana.*

Years of experience have taught us that we gain the confidence and good will of our customers by showing them every courtesy, keeping their business confidential, and accomodating them to the best of our ability. These qualities are the foundation for satisfactory business relations, not only for the present but establish us in the esteem of our patrons for the future when they are in need. One satisfied customer recommends others.

When an individual calls at the office asking assistance, explaining that he has had death or illness in his family, or some other misfortune, it is our object to show a wholesome regard for his interests, explaining to him thoroughly our method of assisting him financially, and just what his obligation with the company would be if a transaction is made.

I find it a good policy to address a customer as "Mr. or Mrs.," never calling them by their given name so as to avoid intimacy. Intimate terms very often result in dissatisfied customers owing to the fact that unreasonable favors are often asked and if not granted cause dissatisfaction.

There are three classes of customers, good, indifferent, and bad. Regardless of their paying qualities each should be treated with every courtesy and consideration, it being our object to keep the good will of the good ones, and trying to gain the good will of those who are indifferent and bad. With few exceptions we accomplish our object, and on the whole enjoy a congenial relationship with our customers.

"OUR RELATIONS WITH OUR CUSTOMERS"

BY F. L. THOMPSON, *Thompson Loan Co., Shelbyville, Ind.*

When I sat down at my home Monday evening to prepare this paper, I wrote the title and wondered what I could say that might in some way be helpful and constructive, and the story of the colored Baptist preacher who was visited by his fellow Methodist minister occurred to me as fitting my case exactly: The Baptist minister had the rather careless habit of scattering his prepared sermons over the floor and chairs of his study and this being observed by his contemporary the following dialogue took place. "Brother don't you think it powerful careless of you to let your sermons lay around that away—the devil will read them and kill all your influence with your congregation before you deliver your sermon." The Baptist minister replied "No brother, the devil can't hurt my sermons a bit, for when I gets up in front of my congregation nobody, not even the Lord or myself, knows what ise going to say."

Our good Chairman, Hurry, realizing my plight in some manner forwarded me some helpful suggestions for which I wish to acknowledge his foresight and render my most sincere thanks.

To the subject: Our Relations with Our Customers, is the spark plug of our business motor and unless we are hitting on all four, six or eight, according to our individual capacities, in our direct contact with the persons who make our business possible, then our business will immediately reflect our inefficiencies. We serve a vital definite need in the states and communities wherein we operate and we can do this only by dealing carefully, with honor and courtesy to all with whom we come in contact.

We should be careful that a loan when made will be helpful and not a burden. We should know that all details of the transaction are fully and clearly understood by all parties concerned and that no loans are made to persons physically, mentally or legally incapacitated to contract. Those generally coming under such classifications are minors, people of advanced age, foreigners unable to understand our language and those with physical or mental ailments that render them either incompetent or inclined to capitalize their infirmities.

The Legislature of our State and many sister States in their wisdom, have seen fit to pass laws legalizing and regulating our business and the burden is on us, as men and trustees of a great business, to discharge our obligations to our customers in honor and integrity.

Our business and the managers of the individual offices stand in the same position as the father of a large family, for your customer comes to you with his joys and sorrows,—perhaps the stork has signified his intention to visit the home, the oldest child may be ready for college, the accumulated bills have perhaps become a burden and the weekly or monthly pay check will not reach all and leave the necessary margin for current expenses, or, the grim reaper may have issued his call to which all must respond. On the brighter side, perhaps a business opportunity has opened that requires ready capital and in these and the many countless other circumstances that arise daily, the great mass of the people, that 70 per cent or more without credit in the banking institutions of our country, turn to you The Industrial Banker, if you please, for the assistance the emergency and condition demands. He tells you his troubles or joys as the case may be, depends on your advice and assistance and you must respond in an understanding, ethical and humane manner that will reflect credit, not only upon yourself and your customer, but upon the vitally necessary business in which you are privileged to participate.

In accepting my place on this program I signified my intention to make this paper brief, knowing a discussion would follow by many more capable than I to enlighten us on this subject and bearing in mind the letter from our esteemed chairman which read—"Paper not to exceed ten minutes" D—— Hurry.

LOAN COMPANIES RELATIONS WITH COMPETITORS

BY JOS. BAUM, *Indiana Loan Co., Ft Wayne, Ind.*

Although this heading might have applied ten or fifteen years ago, I do not think that it applies at the present time, rather, Loan Companies Relations with Other Offices. Relations as I see it in the present instance, means members of a family and we are members of a family and we should treat each other as such.

In former years it was Competitors with a vengeance in most cases; if you could put one over on the other fellow there was great rejoicing. A bad account was drilled or posted, a new card made out showing prompt payment, soiled in some way to give it a pocket worn appearance and if perchance the office was called for information, they were informed that he was good pay; th truth was handled in a very careless manner. If the client went of his own accord and inquiry was made, he was given a good recommendation. If a good customer was inquired about, the office would immediately hurry a man out to the customers house with money to make the loan and the other office was out of luck. This was not a one-sided affair, as the compliment was returned in the same manner or some other similar stunt pulled off. Thus it was fifty-fifty with much ill-feeling and distrust engendered thereby.

Since the organization of the American and State Industrial Lenders Associations, all or most of this has been changed, as it should be, and if not, there should be no delay in making the start.

Cultivate the acquaintance of Managers and members of other offices, talk over the general affairs of the business and if you can give your neighbor a bit of information that will be helpful to him, he is going to appreciate it and very likely he has something worth while to give you in return. This is not going to happen only once, but, is likely to occur many times in the course of the months and years to follow.

What about your advertising is it of the right sort. There is many a line of advertising in newspapers, circulars, and letters casting discredit on other offices, that can well be left out. It is written in a subtle, insinuating way, giving the reader the impression that *that* office is better than the rest. We are all operating under the same Law and the same rate and there should be nothing of this kind appear—Examine your advertising matter carefully and often, before you place it in a paper or circular, cut every single thing that looks suspicious or disparaging of the business of your fellow loan office. It don't help you much if any and makes the prospect suspicious of you as well as the other offices and will lower you in the estimation of the general public and those you most wish to educate to the fact that you are in a legitimate business. All your educational advertising will be harmed by such methods of soliciting business.

We preach *service* at every American —State and Managers association meeting; does it apply less to ourselves than it does to the general public; if it be possible, it means more. Being over-anxious to increase your business, you will make an extension of credit without fully informing yourself by inquiry of just that office which may have the prospective customer on his books. This places a hardship upon both offices as well as the person to whom the credit has been extended, although the party may feel that he is able to take care of both accounts or does not care at all, which in most instances is the case.

Give this your most serious thought—service to yourselves—it covers everything.

Don't cut the rate to get the business of some other office, it is a most despicable thing to do, it is unethical, against the principals of the Association, unwritten if not written, ungentlemanly and you lower your standard of self-respect among your fellowmen, demoralize the business and lay yourselves open to criticism by the general public and Legislators in particular, laying up trouble for yourselves and the business in general.

There are two most reprehensible acts that I question are being practiced now, which I wish to mention however.

Don't solicit prospects by searching the public records for names of those, who have or have had loans with other firms. Your City directory and telephone book are at your right hand to use at any time and is the more honorable way and without a doubt equally as profitable.

Another phase of this subject is the bribing of employees for a list of the clients in the office in which he is employed. Such tactics can not be too strongly condemned.

Let me suggest the best way for

Service to Each Others

It is not new to you, but, if it is not in operation in your City now, make up your minds to start at once. Have weekly or monthly meetings of the Managers and employees on certain fixed days or dates, where there are two or more offices. Fully exchanging thoughts and ideas, thrashing out any fancied injustice with honest friendly feeling, which soon clears the atmosphere. Many times it will be found that it is simply a case of misunderstanding. When an account is prospectively to be taken up from one another, give full information, his past and present performance, what you know about him, give the dates of payment, etc., and show your customers card if desired.

At the meetings you discuss matters of interest that have come up since the last meeting in the course of your business.

You will be most agreeably surprised, the good you will derive from this close coöperation without losing one iota of business, rather it will be most helpful to all in every way. You will get a better understanding of each other and gain in knowledge of your business.

OUR ATTITUDE AS LOAN COMPANIES DISPLAYED TO NON-BORROWERS

By L. L. Bishop, *Capital Loan Co., Indianapolis, Ind.*

We should at all times present the most favorable impression of our business to the public at large.

Our business will be gauged by the ethics we display in its transactions.

We should never entertain a feeling that our business is not on a par with any other big business; with this feeling, we are duty bound to present to the public the fact that we are really business men. We can never elevate our business unless we as managers elevate ourselves and our employes under us.

This is the first phase of this question in "Our Relations With the Public" viz, presenting to the public an outward appearance as business men.

The second part of this subject should deal with our relations with the public.

These should be formed by our affiliations and connections with civic bodies, Chambers of Commerce, Clubs, Churches, etc., and our willingness to engage in all civic relations that will bring us in contact with other lines of business and a chance to show to our fellow men that we do *not* really wear horns, but instead, we exist because of a need for us, an ever increasing want, and that we definitely have a duty and service to perform, as *no* business ever can live unless there is a need for it, which, as we all know is supported by the fact that Money Lending was in evidence with the beginning of Jerusalem and has continued in various forms down the line of generations to the present time.

We must come out from under cover and never lose the opportunity to talk and explain to the un-informed, who we are and why we are here. *This is necessary,* as the average layman knows very little, if any, about the chattel loan business; in fact all of us, even to-day have heard the expression made by non-borrowers, "I did not know there was a place of this kind."

We must remember the public at large can see the necessity for a grocery store and a furniture store and we as loan men see the justification of our business, but remember, the people who do not have to borrow money on chattels knows very little about it and need much enlightenment from our standpoint.

Summing up I would say:

First: Conduct ourselves as real business men and be sold on our business.

Second: Connect with all worthy organizations and make your influence felt.

Third: Education and justification of our business to the non-borrower.

OVER $660 SECURED IN SHARON JOB

Checks and Valuable Papers Are Left Behind in Bold Robbery of Provident Company's Offices.

By smashing the combination lock on a huge safe at the Provident Loan Company offices, second floor, 108 East State street, early to-day, robbers gained entrance to the strong box in the safe and stole $667.48 in cash.

Leave Checks.

Hundreds of dollars in checks, and 51 cents in pennies were left, along with valuable papers.

The robbery was discovered this morning shortly after 7 o'clock by Mrs. Charles Thompson of Wheatland, employed in the offices, and who arrived early to clean the place.

Entrance to the offices was gained by slipping the bolt of a Yale lock on the outer door. The buffer of the door was pried away from the door jam, and a corset stay used in slipping the lock.

Sledge Is Used.

A heavy sledge with the handle sawed short, used in breaking the combination lock on the safe, was left behind by the robbers. A book was used to deaden the noise. The entire office was ransacked and papers strewn about the place.

Visit Other Offices.

The offices of Drs. Myron Murstein and Alvin Davis, dentists, just across the hall from the Provident Loan Company, were also entered, supposedly by the men who entered the Loan establishment.

Nothing was taken from the doctor's offices, but the lights were turned on and a thorough search made of the place. The lights were discovered on early to-day.

Loss Is Insured.

J. G. Sipotz, 206 Jefferson avenue, is manager of the Provident Loan establishment here. The loss is covered by insurance, it is announced.

Police are working on meager clues. Negroes are believed to have committed the theft. Tools used in entering the safe were left in the place.—*The Sharon Pa. Herald. Nov. 19, 1924.*

HISTORY OF MORTON S. HAWKINS MAIL FRAUD CONSPIRACY CASE

One of the most unusual stories of graft, swindling and deception ever heard in Indiana was unfolded in federal court in the Hawkins mail fraud conspiracy case, which ended with the verdict of the jury. Nineteen persons originally were indicted on charges of using the mails in furtherance of a scheme to defraud and conspiracy to use the mails to defraud. The principal defendant, Morton S. Hawkins, president of the Hawkins Mortgage Company, about which the alleged fraud centered, is a fugitive from justice and the object of a nation-wide search.

Another defendant died since the indictments were returned last January, and another's bond was forfeited when he failed to appear in court, but he is understood to be where the government can lay hands on him. Sixteen persons stood trial.

The trial began November 11, and nearly seventy witnesses from more than sixteen states testified. The case was worked up by leading United States postoffice inspectors, assisted by expert accountants of the department of justice rated as the best in their department. Those who were assigned to the case were: John W. Welborn, of the Indianapolis office; O. B. Williamson, in charge of the Philadelphia (Pa.) division, and W. J. Marles, in charge of the St. Paul (Minn.) division of postoffice inspectors. The accountants were the veteran Thomas P. Merilees, of New York City, and J. S. Egan, of Omaha, Neb. These men also worked on the MacCray case.

Parent Company

The Hawkins Mortgage Company, through the operations of which the greatest mail fraud case ever tried in the history of the district of Indiana was brought to the attention of the government, was the parent company of 104 Welfare Loan Societies scattered through eight states, and with sixteen branches in Indiana. The Mortgage Company controlled the loan societies through holding 51 per cent. of the common stock of each. In the course of the operations of the Hawkins interests, the heads enlarged their field of operation and absorbed a number of concerns, some of which were in a shaky financial condition, and then traded contract holders and stockholders out of their equities by giving them in exchange for their holdings stock in the Mortgage Company, which had a par value of 1 cent, but which they represented to be worth $65 a share or 6,500 times its value.

Concerns that were absorbed by the Hawkins Mortgage Company, and which figured in the federal court testimony, were the Indiana Rural Credits Association, Indianapolis; the Coöperative League of America, Pittsburgh, Pa.; the United Home Builders of America, St. Louis, Mo., and the Security Home Savings Company, Kansas City, Mo.

Defendants were: Morton S. Hawkins, president; Anthony A. Scheib, secretary; Carl B. Anderson, treasurer; Leo P. Harrington, auditor; John T. Sutton, vice-president; Frank B. Jaqua, general counsel, all of Portland, and A. R. Sax, New York City, former general sales manager of the Hawkins Mortgage Company; the Rev. William Webb and William Sacks, wealthy Missouri politician and promoter, former controlling trustee of the Home Builders, both of St. Louis; Charles S. Succop, J. A. Clark and Harry J. Bovard, all of Pittsburgh, former trustees and officers of the Coöperative League; Earl N. Sapp, of the Kansas City concern, who has not been apprehended; J. D. McCallum, Detroit, Mich., a former Hawkins official; William M. Jones, secretary-treasurer of the Indiana board of agriculture, and Mord Carter, Indianapolis business man, defendants through their connection with the Indiana Rural Credits Association, and Frank J. Haight, accountant, formerly employed to do actuarial work for the Indiana and other state insurance commissions, and Frank C. Willis, another accountant, who were charged with being members of the conspiracy in that they made an inflated audit.

$4,000,000 to $6,000,000 Loss

It was alleged that investors, more than 6,000 in number, and scattered to all corners of the country, had lost between $4,000,000 and $6,000,000 in actual money.

The Hawkins Mortgage Company, the United Home Builders of America, the Coöperative League of America and many of the Welfare Loan Societies, are in the hands of receivers. Lew Wallace, Indianapolis attorney, is receiver for the mortgage company, and in his report to the federal court said the assets were practically worthless.

Reily C. Adams, president of the Security Trust Company, is receiver for the Coöperative League, under appointment of federal court, and Clarence E. Coffin was appointed receiver for the Indianapolis branch of the welfare loan system, under a state court appointment. In addition, many of the other branches are involved in litigation.

It has been recommended by a special master in chancery in federal court, that the mortgage company be adjudged bankrupt.

Testimony in the federal court trial, which began after Hawkins and his associates had repeatedly caused delay, was the most startling ever heard in a fraud case in this district, it was said. Hawkins made every effort to obtain a delay and to be tried before a district attorney other than Homer Elliott, even going to Harlan S. Stone, attorney general of the United States with charges against Elliott, the postmaster-general, postoffice inspectors and others. This all was brought out in the trial.

Reports of Political Pressure

The defendant Sacks is known as a political power in Missouri. A report current around the Federal building last summer had it that all sorts of political pressure was being exerted to stop the prosecution. Testimony before a senate subcommittee that was investigating the conduct of the department of justice under Harry M. Daugherty, then attorney-general, last March, was that Sacks had stopped one fraud case prosecution, in Texas.

In a further effort to obstruct the trial, Hawkins filed a petition against Elliott and more than sixty others, including prominent attorneys and officials, alleging a conspiracy to dissipate the assets of the Hawkins Company. As Judge A. B. Anderson was on his vacation, Judg George W. English, of the eastern distric of Illinois, was assigned, and issued several orders in the case. Judge Anderso threw the petition out of court on hi return after commenting on "strange proceedings" in his absence.

Practically every time Hawkins turne around, he was represented by a new se of attorneys. For a time he had prominent Indianapolis lawyer who ha taken part in nationally famous cases He had in rapid succession members o a New York firm who were prominent , Chicago attorney, more local attorneys and then a former United States distric attorney from St. Louis, who represente him in the criminal case, but withdrew after Hawkin's bond had been forfeite October 2 for not appearing in court.

Testimony at Trial

Testimony in the trial was to the effec that assets listed by Hawkins in exces of $9,000,000, in reality had an accountant's value of approximately $700; tha various ruses and crooked schemes wer employed to sell stock; that corporation were wrecked after the firm had bee absorbed; that dividends were paid ou of the proceeds of stock sales; that o the 104 welfare societies only thirty-eigh ever opened their doors, although dividends were paid by many more and that all except two lost money; that the Hawkins Company had not made money since 1918, in fact lost every day; that false advertising was employed and numerous misrepresentations made to prospective stock purchasers and other violations of the law.

In the course of advertising, Hawkins stock, the concern of that name issued numerous pamphlets emphasizing the reliability of the "House of Hawkins" and the unimpeachable integrity of the officers of the mortgage company. One of these documents was called "A Banker's Honest Opinion," and professed to be a disinterested recommendation of Hawkins and Hawkins stock by Morgan Wamsley, Cincinnati, president of the Hamilton County National Bank, who in fact, was a director in the Hawkins Company.

A number of the persons who were defrauded, and who were among the witnesses, were widows, old men, former soldiers who had invested money saved in France; women who had invested their husbands' life insurance, farmers who had sold their Liberty bonds, attracted by high interest, and similar cases.

Market Letters

Another "creature of the defendants" was the Cincinnati Bond and Investment Company, which sent out "market letters," purporting to be recommendation of Hawkins stock from an independent broker. These were written at the Hawkins home offices in Portland, Ind., it was testified.

A further scheme employed by Hawkins and his associates was to send out a letter, in reality written at his direction expressing confidence in himself and the company, and signed with the names of others, without their permission. Wholesale juggling of accounts was carried on, according to the testimony. The income-producing assets were insufficient to meet expenses and an enormous amount was expended to sell stock and to obtain capital.

The Indiana Welfare Loan Societies

were at Indianapolis, Ft. Wayne (the first to be established), Evansville, Muncie, Richmond, Marion, Logansport, Anderson, South Bend, Michigan City, Lafayette, Elkhart, Terre Haute, Vincennes, Kokomo and New Albany. The only branches in the United States to show a profit for the entire period of operation, when the government accountants balanced the books in May, 1923, were those at Vincennes and Terre Haute. The mortgage company held out large amounts from the various companies, or sales of preferred stock therein, that amounted to a total of nearly $1,000,000, according to the testimony.

The Hawkins interests were active at the last session of the state legislature in defeating a "blue-sky" bill that had the sanction of the state securities commission, and were reported to have expended a large amount of money in lobbying against the measure. Those who have been following the operations of the Hawkins crowd assert that had there been an adequate "blue-sky" law, the people of Indiana would have saved hundreds of thousands of dollars.—*Indianapolis News, Nov. 26, 1924.*

NOTICE

The National Secretary's attention has been called to the fact that some members operating in states where the small loan business is regulated by law and under the supervision of a State Department, are soliciting information direct from the State Departments on points of information involved in the law. This procedure is contrary to the precedent established by most if not all State Associations, as the custom has been where a ruling is desired on any point involved in the small loan law of any State, the matter should be taken up with the officers of the State Association and the information desired obtained by the State Secretary. Obviously this is the only way in which all members may have the benefit of a ruling established by any of the State Departments because it is customary when a rule or opinion of any state officials is obtained, that copies of it reach the National Secretary who is always pleased to publish anything of this sort which is for the general information of all members. Unless this is done, many questions might be put by individual members which are of the same character and the Department is obliged if not annoyed to answer the same questions repeatedly.

Members should remember to send their foreign accounts for collection to the State Association secretary in which they are located for allocation to the member nearest the account who is not already loaded with foreign accounts. The purpose of this resolution was to divide equally the work incident to foreign collections and relieve the popular collectors from an unequal share of the burden.

CONVENTION IN PROVIDENCE

American Industrial Lenders' Association to Hold Its 1925 Convention in Providence, Next September

The American Industrial Lender's Association is to hold its next convention in Providence, in September, 1925, having accepted the invitation extended to the organization, at its last meeting, in Baltimore, by the Rhode Island Industrial Lenders' Association. With that invitation was extended a welcome to Providence from Governor William S. Flynn, Mayor Joseph H. Gainer, and President Thomas F. I. McDonnell, of the Chamber of Commerce.

The national association is not only engaged in the business of loaning money, but it is making special effort to standardize the methods of that line of business, as well as to secure uniform laws in the several states. It was organized at Philadelphia, in 1916 and is a member of the Chamber of Commerce of the United States. Its Chairman is J. H. Aufderheide, Indianapolis, and G. W. Kehr, of Harrisburg, is the National Secretary.—*Providence Magazine, November, 1924.*

MARYLAND

A short business meeting of the Maryland Industrial Lenders' Association was held in the Board Room of the M & M Building, No. 22 Light Street, Baltimore, Md., on Tuesday, November 25, 1924 at 8 P. M.

The meeting was called to order by Chairman Mattingly. The following members were present: J. E. Turner, Community Finance Service Co.; A. E. Potter, Household Finance Service Co.; C. Howard Hood, Industrial Loan Co. of Baltimore; H. T. Mattingly, Clifford Smith and R. L. Smith, Master Loan Service Inc.; F. L. Brust, Earl Fuggett, Peoples Loan Society and J. D. Goldrick, Union Loan Company.

REPORT OF OFFICERS

Treasurer Goldrick reported cash on hand $20.15, with all bills in connection with the recent national convention paid. The total cost of the convention being $5,280.11.

Secretary Moore reported a membership of 20, 9 of which are members of our credit bureau, 15 being members in good standing in the A. I. L. A. Membership certificates and reward cards for 1925 have been ordered and will be delivered to my office by January 1, 1925.

NEW BUSINESS

Chairman Mattingly called attention to the urgent need of finances in our treasury. The Secretary was instructed to send out notices to the members urging that they pay their dues at this time instead of on January 1, as heretofore.

COMMUNICATIONS

Chairman of Committee on Relations with Licensing Officials

Chicago, Ill., November 8, 1924.

MR. H. T. MATTINGLY,
322 Equitable Building,
Baltimore, Md.

Dear Mr. Mattingly:

Shortly before the Convention Dr. Mueller created the Committee on Relations with Licensing Officials. You probably heard my first report as Chairman of that Committee made at the Convention.

The purpose of the committee is to develop the most satisfactory relationship between state officials who are charged with the administration of small loan laws and the supervision of the business of licensees.

In some states vey satisfactory progress has been made, but there is room in every state for greater development. The committee does not feel that it should attempt close personal contact with licensing officials, but that it should work through someone in each state. The logical person to represent the committee in each state is the vice-chairman.

I will appreciate your writing me in detail what contact licensees in your state enjoy with the Department, who if anyone has been authorized by your state association to represent them before the licensing official and what special benefits have accrued to licensees.

If no one in your state has functioned in this capacity, will you not develop it with your state association and determine what you would like to accomplish in this respect and advise me?

The purpose of this letter is to find out what your experience has been so that other states may profit, or if your experience has not been satisfactory, so that we may have the opportunity of offering suggestions.

If your state association does not meet in time to let me have your advice not later than November 20, and it is possible to submit the matter to the Executive Committee, I will appreciate it. The reason for this is that I have been requested to make a further report to the Executive Committee which meets in New York the later part of November and it would be helpful to have your reply.

Yours very truly,
L. C. HARBISON.

Secretary Moore read the above letter and several members commented on the goodness of developing at all times satisfactory relationship with the Banking Commissioner and his assistants who have charge of the actual supervision of our business. The general opinion of the members present was that inasmuch as 97% of the Industrial Loan Business in Maryland is carried on in Baltimore City, each individual licensee could easily discuss in person with the Commissioner any matters that may pertain to his own individual office, yet matters may come up that would naturally concern the Maryland Association, and it would be best to appoint a committee to contact the Commissioner on this subject.

On motion of Mr. Hood seconded by Mr. Potter the meeting adjourned until 7:30 P. M., in Tuesday, January 13, 1925.

H. C. MOORE, *Secretary.*

VIRGINIA

The regular quarterly meeting of the Virginia Association was held at the Hotel Roanoke, Roanoke, Virginia, Thursday, October 23, 1924.

The business meeting was called to order by Chairman Pope at 3 P. M.

The secretary called the roll, and the following members were represented:

Roanoke Loan Society, Roanoke, Va.; Beneficial Loan Society, Roanoke, Va.; Federal Security Company, Lynchburg, Va.; United Small Loan Corporation, Richmond, Va.; Citizens Loan Society, Richmond, Va.; Home Guarantee Company, Richmond, Va.; Citizens Loan Society, Norfolk, Va.; The Empire Company, Norfolk, Va.; Norfolk Security Company, Norfolk, Va.; Beneficial Loan Society, Portsmouth, Va.

We also had with us Mr. V. D. Moss of Philadelphia, and Mr. A. C. Christensen of New York.

The Secretary reported that we had a total membership of twenty-eight (28), with twenty-six (26), members—dues paid to date.

Treasurer Bradshaw reported the cash on hand July 24, 1924		$355.90
Collected from members at banquet in Norfolk		93.00
Dues collected since		20.00
		$468.90
Disbursements		
Banquet at Norfolk, July 24, 1924	$136.60	
Incidentals from July 24 to October 23 ..	19.11	
Cash on hand August 23, 1924	313.19	
Totals	$468.90	$468.90

Upon motion of Mr. Moss, seconded by Mr. Bray, the treasurer's report was accepted.

The Secretary read a letter from Mr. M. E. Bristow, Chief Examiner of banks, in which he stated he had sworn out a warrant against Mr. Hardee of the Harris Investment Company of Norfolk for making alleged illegal charges on loans, and asked our coöperation in prosecuting this case when it came to trial.

Mr. Moss moved that the Association go on record, commending the work done by members for their assistance to the Banking Department in getting the evidence on this office.

Considerable discussion as to what action to take against the Harris Investment Company, in this matter—Mr. Moss moved that it be "Resolved that the Harris Investment Company of Norfolk, Virginia is hereby suspended by this Association, pending the outcome of this case, for conducting their business in a manner unbecoming to the ideals of the Virginia Industrial Lenders Association." The Secretary was ordered to notify the Harris Investment Co., and also send a copy of Resolution to the Banking Department and National Secretary. Upon motion of Mr. Price it was left to the Secretary to use his own discretion, whereby he could withhold notice to the Harris Investment Company.

Mr. Bradshaw moved that the Association have a reporter at the trial to bring out the facts that we, the Virginia Industrial Lenders Association were instrumental in bringing this company to trial. Mr. Moss seconded the motion and it was unanimously carried.

Mr. Appleby, our delegate to the National Convention, made his report to the Association. The Secretary told the members that the American Association needed more money to carry on the work they were doing. All the National members were asked at the Baltimore Convention to pay the maximum dues, or where they had been paying on the average monthly balance, to pay $.50 a thousand extra, which would make it $1.00 a thousand instead of $.50.

Mr. Moss spoke at some length on this subject, stating considerable money would be needed for the National body to function properly. He said he hoped that Virginia would not wait for the other states to take the lead, but go on record right now, and agree to pay the dues requested by the National Association. He stated that the company he represented would pay the maximum dues. Everybody present agreed to either pay the maximum dues, or $1.00 a thousand, on their average loan balance for the year.

Mr. Moss spoke of handling foreign accounts, and he stated this matter was brought up at the National Convention, and the American Association went on record that no charge would be made to any member of the National Association but regarding nonmembers this was left up to the member to charge what he pleased.

Mr. Moss also spoke on the unfavorable decision against a member of the Georgia Association by the Supreme Court, which ruled that they could not charge on daily balances, as the law read that interest should be computed on monthly balances, instead of daily balances. After some discussion all members pledged themselves to notify the Secretary so he could notify the National Secretary if they got into any litigation, whereby they thought it might be unfavorable to the business. Mr. Price asked the Chair to appoint a member in each city to report to the Secretary anything of importance to the Association. The Chair appointed Messrs. Price, Hill, Edge, Biel and Bray.

Mr. Pope suggested that a special committee, representing all interests be appointed to look into legislative matters for 1926, and report to the Association at our next meeting in January. The following committee was appointed, V. D. Moss, Chairman; Messrs. Bradshaw, Phillips, McMurtrie, East, Mattingly, Pope, Appleby, Edge, Hodson and Mrs. Davis.

Mr. Pope brought up the subject of paying the Secretary some kind of a salary on account of the amount of work he had to do. Mr. Christensen moved that we pay the secretary $100.00 a year, starting this year and to take effect at once. Mr. Edge seconded the motion and it was unanimously carried.

Mr. Price brought up the subject of knocking your competitor and made a very good talk on this subject. Messrs. Moss and Pope also put up a strong case against knocking, and showed how it reacted against the business as a whole.

The Chair asked Mr. Kenworthy to tell the members how the clearing house was working out in Richmond. He stated that everything was working fine, and that they were going to have a meeting of the clearing house once a month, and have both the managers and the outside men at these meetings, so as to get them acquainted with each other. This was considered a splendid plan, and other cities in the state are going to adopt the same plan.

UNPAID BILLS

Mr. Appleby submitted his bill of $45.60 for expenses as delegate to the National Convention. The treasurer was ordered to pay it.

NEW BUSINESS

Mr. Pope submitted the application of the Virginia Security Company of Roanoke for membership. Upon vote they were unanimously elected.

It was decided to hold our Annual Meeting in Richmond, January 15th, 1925, and as there will be considerable business to transact, it was decided to make a full day of it and have a business session at 10 A. M. and one at 2:30 P. M. and banquet in the evening.

The Chairman made a strong plea for every member to be present and also bring their wife or sweetheart along, as they intended to entertain them royally.

The Chair appointed Messrs. Edge, Kenworthy and Reynolds, all of Richmond as the Entertainment Committee.

It was decided that we would have three papers read at the January meeting by three members, the members and the subjects to be assigned later by the Chairman and Secretary.

Mr. Bradshaw brought up the subject of selecting a nominating committee now, so they would have plenty of time to choose a representative slate for officers and report at our January meeting, when new officers would be elected.

Mr. Edge moved that Messrs. Moss, Christensen and Appleby be elected to acted as nominating committee and the Secretary to act in coöperation with them. These gentlemen were elected, with Mr. Moss as Chairman.

There being no further business, the business meeting adjourned at 6 P. M.

Mr. Price, chairman of the entertainment committee gave us a splendid banquet. Senator Holman Willis was the chief speaker and he lauded the Small Loan Licensees for their part in uplifting the business.

FRANK BRAY, *Secretary.*

THE HAWKINS FRAUDS

That there were gigantic frauds in connection with the operations of the Hawkins Mortgage Company and allied organizations no one can doubt. Many people were swindled, the losses amounting to between $6,000,000 and $7,000,000. The only questions involved in the trial, which ended yesterday with the conviction of fourteen men, was whether these men were parties to the conspiracy, or had knowledge of it. Some one was guilty of conspiracy to defraud, and of using the mails for fradulent purposes. Under fair and impartial instruction from Judge Geiger, the jury found that fourteen of the sixteen men on trial were guilty. The verdict is believed to be sustained by the evidence.

It is easy to moralize in such cases as this, and some moralizing there of course ought to be. Millions of dollars have in the past few years been stolen—for that is what it amounts to—from the people by fradulent companies. Perhaps the dwellers in this highly favored section of the country have been the chief sufferers, and yet one must not forget Ponzi, who "stung" the people of Boston and vicinity for enormous sums. It is appalling to think what men will do for money, and what risks innocent investors will take to gain it. Both classes are almost certain to lose, though sometimes an extra shrewd scoundrel manages to make his pile, and at the same time beat the law. As for the crop of suckers, it is apparently inexhaustable. It is all a miserable business, and one in which any man with a shred of manhood in him ought to be ashamed to engage.

From the economic point of view the evil is quite as serious. The "earnings" of rascally promoters, and crooked corporations, run into the billions, and those "earnings" are an economic loss to the community as well as a loss to the people who are plundered. It is all most disgraceful to the American name, and tends to give this country a bad reputation for honesty and integrity. Just how many Americans are "living by their wits" or, being engaged in legitimate business sometime take a desperate chance, it is impossible to say, but the number must be large. A census of them would be exceedingly interesting. Many are morally guilty even though their operations do not fall within the letter of the law. Others are not caught, and still others escape on technicalities, or because of the unwillingness of the losers to prosecute. Such a verdict as that of yesterday ought to do much good, and help somewhat toward curing a social condition that is certainly not sound. A community—could there be such a one—divided between swindlers and swindled, between those who prey and those who are preyed on, would not in any true sense be a society at all.—*Indianapolis News. Nov. 26, 1924.*

LOOKING INTO THE FUTURE

An address by J. H. Aufderheide, National Chairman, before the joint meeting of the Illinois and Iowa Associations, held in Chicago, Nov. 7, 1924.

It is indeed an honor to address this joint meeting of the Iowa and Illinois Associations and an especial pleasure to me as Chairman of our National Organization, because I am enabled by addressing you jointly to kill the proverbial two birds with one stone. It has not been often that an American Association Chairman has had such an opportunity or the good fortune to address two State Associations simultaneously, altho I have some misgivings about how the boys back home in Indiana will interpret a "joint" meeting. "Joint" means one thing in Indiana and another in Illinois.

When the secretary of the Illinois Industrial Lenders' Association, Mr. L. T. Baker, invited me to address this gathering, I began at once an exhaustive hunt for a subject for my address that would be interesting to the members of the Iowa and Illinois Associations; something a little less hackneyed and shop-worn than the usual talk about the Uniform Law, or the benefits to be derived from membership in the State and National Organizations. I wanted to give you something stimulating—something with a "kick" (mental, not the kind Henderson is thinking about.)

I could not find what I wanted and I therefore, wrote to Mr. Baker asking him to suggest something timely and interesting. Mr. Baker is a very resourceful man and I was confident he would make the proper suggestion which would help me out of this difficulty. How well he succeeded in aiding me in this matter, you may already have guessed. The subject or title of my address is "Looking Into the Future," which Mr. Baker suggested would be inspirational, as well as interesting to all of you. Therefore, instead of a time-worn and shop-worn address, I come to you in a new rôle. The Prophet's Robes are upon my shoulders. I am the Eva Fay of the Industrial Loan business, the magic seer who will gaze into my crystal and tell you all the wonderful things that shall happen to us in the future.

A prophet is without honor in his own country, and I am going to begin by asking you first to look backwards and consider the industrial loan business of to-day as compared with the past; to-day with ten years ago. Is there anyone who could have prophesied ten years ago that the industrial loan business would progress to the dignified and important place which it occupies to-day in the financial structure of our country? What other business has shown the remarkable progress in ethics and standards within so short a period of time? The history of the Industrial Loan business contains all the elements of a great and inspiring story, from the beginnings of a few far-sighted pioneers to the fine achievements of to-day. Buried under facts and figures there is a story of hopes and plans, of failures and successes, of crucial experiences thrilling with human interest. The romance of the industrial loan business of to-day is the story of manhood at its best, typical of sterling character, integrity, industry, courage, vision and perserverance. To those pioneers we owe a debt which we shall never be able to pay.

The main point that our splendid record of achievement discloses to me is, that when men desire a thing they will go to great lengths to obtain it. Time, toil and personal sacrifices are nothing to us, providing we sincerely desire to uplift, dignify and improve this business. The future will be exactly what we make it. Do you desire with all your hearts that we shall not stand still, but that we shall progress? Will you use the foresight and energy that characterizes the management of your personal business for the benefit of all? If you will show the whole-hearted devotion to the fine principles established by our American Association, and a willingness to sacrifice selfish ambitions for the sake of uplifting and dignifying this business, I prophecy that in the future every iota of prejudice and narrowness, which has characterized the public viewpoint of the loan business, will disappear.

I said before that no human being could have foretold the wonderful progress made in our business within the past ten years. No one can say to-day what another decade will unfold to us. Each member of the State and National Organizations is a factor and has a responsibility in determining the ultimate achievements in our business. It is important that each one direct his energies toward the true goal. If we earnestly desire what is right and decent and respectable, we shall labor to attain it. If we do not labor to attain it, it is because we do not want these things because we will not strive for them to the best of our ability.

To look into the future we must look back into the past, by considering our former achievements we shall be better able to gauge what our future successes will be. By knowing where we made mistakes, we are in a position to avoid making the same errors. Consider what strides have been made in the right direction and what part you personally played in making possible all what we have gained. Have you done your part? Have you contributed to our cause? Not money alone, although, that is one way of showing your earnestness—but what thought and what practical whole-hearted support have you given? What engages a man's affections tells us what he is. If you are going to subordinate the good of this business for your personal gain, if you are thinking only of dollars and not of uplifting and dignifying our business, I need not depict the future to you in rosy terms. In other words, the picture of the industrial loan business of the future depends upon what we make it. The Iowa and Illinois Associations and the National Organization of the future will function successfully in proportion to what we put into these Associations now, to-day.

This paper is necessarily inconclusive because we cannot see into the future far enough to make it comprehensive and clear. There are many vital questions confronting us to-day. We shall solve every problem, but it is a task that requires the best that each one of us can give. Soon the American Industrial Lenders' Association will publish the Code of Ethics adopted at the convention in Baltimore. I trust that each member of the Iowa and Illinois Associations will adopt this splendid Code of Ethics in the daily conduct of his business. Most men who have achieved greatly, have kept steadily before them fixed principles by which they have been guided. In Chicago, not so many years ago, there lived such a man. I refer to the late Marshall Field. The dominant ideas in the career of this great man are splendid things to remember, and I am going to give them to you as being applicable to-day to the industrial loan business. There are twelve ideas in this creed:

The Value of Time
The Success of Perserverance
The Pleasure of Working
The Dignity of Simplicity
The Power of Kindness
The Influence of Example
The Obligation of Duty
The Wisdom of Economy
The Virtue of Patience
The Improvement of Talent
The Joy of Originating
The Worth of Character.

Members of the Illinois and Iowa Lenders' Associations, keep before you such fine ideals and constructive principles. By doing so, we may look into the future and see the industrial loan business elevated to a place in the nation's businesses that is second to none. Remember each one plays an integral part in making our future brighter and better, and I am sure each one of you will do your part.

SERVICE AND ADVERTISING

By E. I. Levitt, *Des Moines, Iowa*

A short time ago I had the pleasure of visiting an amusement park in one of our western cities. There we passed through what was called the Hall of Mirrors. We learned something new about ourselves, for those mirrors reflected our appearances in some of the most grotesque manners. At one time I was tall and thin, then I became short and fat; one mirror said I had a long neck, and a very short body, while another insisted that I was altogether the most freakish of freaks. It was a relief when an ordinary mirror reflected the truth about me. You may be sure that I was extraordinarily relieved upon finding that I was not the distorted being I had been led to believe.

It is my opinion, that many of us, engaged though we are in performing the most worthy of services to our fellowmen, are distorting that service to the public eye through the tone of the advertising we employ.

That is one of the points in advertising which I wish to discuss to-day and if I can bring home to you the necessity of mirroring your service to the public in its true light, then I shall consider my effort, not wasted, but as having constructed a step forward for the benefit of the profession.

Step out of your office, and for a moment rub shoulders with the people of your city. Listen to their discussions on the street, and in their homes. Such a diversion from your ordinary beaten path of the business will bring home to you the fact that the opinion which the average person possesses regarding most commodities, be it of merchandise or of service, has been created for him by that type of advertising which he has seen.

Read the daily paper or magazines over their shoulders and you too, will see how the advertising of every day mirrors the character of commodities on the market. You will see the service of one retail store, for example, written up as a bargain hunter's paradise, displaying cheap, loud speaking type and illustrations, while that of another store across the street will be reflected as dignified, straightforward, honest and confidence instilling.

Be honest with yourself and admit which type of advertising will build up a longer, lasting, and more profitable business. It is the power of advertising to show your business as a cheap bargain store or as a dignified institution by the type of advertising used.

Now let us consider our own profession. I ask you what opinion concerning your business do you want to create in the minds of the public? It is in your power to choose and have. You may build it to be one of cheapness and insincerity, or of dignity and confidence.

I trust that your attendance at this convention means that you are interested in the latter.

How can this be accomplished? In my humble opinion the public, and please bear in mind that eighty-five per cent of the public are your prospective customers, will grow to have confidence in your business if your advertising expresses it.

It is not my thought to suggest the mediums you should use, such as newspaper, bill board direct-by-mail, etc.

I am concerned with only the reaction of the public mind, caused by what you say and how you say it.

Bear in mind the fact that the Small Loan business has been subjected to much criticism; that it has not occupied as high a position in the opinion of the public as we feel that it has deserved. For these reasons we must put forth greater effort than other lines of business to accomplish our purpose.

If we had not already raised the standards of our business, within ourselves, I would say that our problem is not an advertising one; it would be that of reorganization, legislation and a general house cleaning. But I am happy to say that the Small Loan business is a clean, honest, dignified and much needed one. You, are to be congratulated because you have made it so.

Getting the public to understand it as we do is a task which advertising can accomplish if you give it the proper coöperation.

Now, how can this be done? It is not my purpose to tell you what to put into your copy.

Tell your story of service, show that it is needed, that it has helped others, that it is available to all honest folk; a business that is dignified, sincere and reliable. You have a story in which people are interested.

Bear in mind the fact that upon this feature is built the character of your service as understood by the great majority of the public. Thousands see your advertisements before they see you and they have no other way of correctly judging you and your business.

Make your advertising attractive; use white space; give your words a little air; don't crowd them into a one or two-inch want ad.

Remember that your advertisement is fighting for the attention of the reader; fighting against pages of news, screeching headlines, funny cartoons and interesting stories of life. Added to these are the columns and columns of other advertisements, clamoring for attention.

If you use display advertisements, be sure to select good clean cut, apt and interesting illustrations. Get out of the ordinary rut of advertising. Forget the sing song type of copy which include certain set phrases that have gone unchanged for years. Don't be afraid to strike out with a new idea—to tell your story in a different way than your competitors do.

When you write your copy bear in mind the fact that you are talking to people, just as human as you are; that you have something to sell but that they won't buy unless you make them believe in you and your service.

Make them understand that your organization is a living, breathing personality whose sympathy, interest and sincerity are providing a service which is vital to the life of your community.

This human interest element is found in almost all of the better advertisements appearing daily in the papers of your city. Department stores, insurance companies and banks play up the human side of their service, and realize that this element occupies a very important part of their business dealings.

We men of the Small Loan business can learn an excellent lesson from bank advertising. Our interests are closely related, for both deal in a financial service which must have the confidence of the public and our ads should be of the same type and character of a bank ad.

If you do not feel sure of your ground in planning and writing your advertising call in an advertising man of experience to help you. Get his viewpoint; his ideas, and his frank comments upon what he thinks of your business and how your advertising can be made to build up a favorable impression among the people in your city.

Coöperate with your advertising. It is not enough to put an advertisement in the paper and expect it to turn the trick single handed. A good advertising merely starts a train of thought which can easily be ruined and turned to your disadvantage by the bad appearance of your office and the lack of interest on the part of your organizations.

Let us imagine a prospective customer who has received a splendid impression of your company through the medium of your advertising, coming into your office where he finds a much less respectable appearance than he had expected; where he finds inattentive people uninterested in his affairs; careless about rendering a confidential service, prone to make mistakes of figures or judgment, and I ask you what can advertising possibly gain for you against such handicaps?

It is necessary that your chain of advertising be complete—every link be tuned in harmony and coöperating perfectly if you desire to reflect your business in its true light. Your office, your printed matter, your every action is advertising you and for that reason I call upon you to construct a chain of publicity that has no weakness.

A little introspection along this line of Small Loan advertising is good for us. It will pay you to closely analyze your own ads, the appearances of your office, and the other coöperative elements just mentioned. Determine for yourself the question of whether or not your business, which you try to conduct upon a high standard of ethics, is being mirrored in its true light or being distorted by unfavorable advertising and inadequate office facilities.

I think you will agree with me when I say that the people of your community generally do not appreciate the type of service which you are rendering, because you have not given your advertising an opportunity to properly reflect it.

CHECK INSURANCE

Recognizing the value of various protective devices in reducing loss from check alteration and forgery, the Metropolitan Casualty Insurance Company, of New York, announces a merit rating schedule for check protecting devices and safety paper, which schedule offers a graduated scale of discounts for various types of protective machines and papers.

With one or two exceptions, applying to the products of specific manufacturers, this is the first recognition by an insurance company of the claims of check protecting devices to premium discounts. Heretofore, with the exception noted above, flat premium rates have applied to check alteration and forgery insurance, regardless of the protective measures employed by the insured.

Announcement of the merit rating of check protective devices comes close on the heels of the acquisition of the Metropolitan Casualty by interests represented by J. Scofield Rowe, for the last several years vice-president of the United States Fidelity and Guarantee Company. This new check alteration and forgery bond premium graduation has received close study from Mr. Rowe for some time, and is his first significant announcement since his election to the presidency of Metropolitan Casualty.

A flat base rate which fails to recognize the value of devices which increase the difficulties of the forger is neither scientific nor equitable, in the opinion of officials of the Metropolitan Casualty, a contention which has been made for years by manufacturers of check writing machines and safety papers.

"With the old inflexible base rate, the preferred risk is penalized by grouping it with the risk in which the selection may be against the company," says Mr. Rowe. "With the merit rating plan, the selection is in the company's favor, even with the very appreciable discounts allowed, since it is only the best classes of check users that come within the classifications entitled to discounts."

Officials of the Metropolitan Casualty state that the merit rating schedule adopted is based upon what various types of check writing machines and safety papers accomplish in reducing forgery and making check alteration more difficult.

There are four classifications of check writing machines under the Metropolitan plan, entitling the user to premium discounts as follows:

A. A machine writing the amount of dollars in words automatically and properly spaced, having bronze type and steel platen (or its equivalent in durability), adapted to shred the paper and automatically impregnate it with ink in two or more colors, the degree of shredding to be predetermined by machine adjustment independent of the operator. Discount of 25% from base rate allowed.

B. A machine writing the amount of dollars in words automatically and properly spaced, adapted to shred the paper and impregnate it with ink. Discount of 15% from base rate allowed.

C. A machine writing the amount in figures, having bronze type and steel platen (or its equivalent durability), adapted to shred the paper and automatically impregnate it with ink in two or more colors, the degree of shredding to be predetermined by machine adjustment independent of the operator. Discount of 10% from base rate allowed.

D. A machine writing the amount in figures, adapted to shred the paper and automatically impregnate it with ink, the degree of shredding to be predetermined by machine adjustment independent of the operator. Discount of 7½% from base rate allowed.

The three classifications of safety papers, with premium discounts allowed, are:

A. Paper having thereon an intricate tint produced by printing from two or more plates that are entirely different from the resulting tint, readily removable by either mechanichal or chemical erasure, and a permanent printed hidden warning word or symbol made apparent when the tint is chemically removed. Discount of 25% from base rate allowed if paper has a chemically and mechanically sensitive tint on back. Discount of 22½% allowed when there is no chemically and mechanically sensitive tint on back.

B. Paper having thereon a tint readily removable by either mechanical or chemical erasure and provided it is so treated that such chemical erasure will produce a permanent colored stain. Discount of 12½% from base rate allowed if paper has a chemically and mechanically sensitive tint on back. Discount of 10% allowed where there is no chemically and mechanically sensitive tint on back.

C. Paper having thereon a tint readily removable by either mechanical or chemical erasure. Discount of 7½% from base rate allowed if paper has a chemically and mechanically sensitive tint on back. Discount of 5% allowed where there is no chemically and mechanically sensitive tint on back.

Combinations of check writing machines and safety papers also permit of substantial discounts.

Machines and papers are now being rated by the Metropolitan Casualty as they make application.

GROCER SUED FOR "WINDOW DISPLAY"

Jury Acquits Carlisle Grocer of Criminal Libel—Claim He Posted List of Persons Who Did Not Pay Bills

Because he placed a chart in his window on which he listed a number of names under the caption, "Persons who owe me and can pay me but won't," W. W. Daron, Carlisle grocer, faced criminal libel charges before the Cumberland County court. He was acquitted by the jury.

It is said that a number of names appeared on the list, which was posted last August, but only one man, William Fahnestock, of Carlisle, entered the charge. The prosecutor, it was testified, could neither read nor write. Mrs. Fahnestock, wife of the prosecutor, could and did read it. She testified that she requested the grocer to remove the sign and that he refused.

In the disposition of the costs the jury placed three-fourths of them on the defendant and one-fourth on the prosecutor. —*The Patriot, Harrisburg, Pa., Dec. 6, 1924.*

EDUCATING THE BORROWER TO BE HONEST

By C. G. Liggott, *of Dayton, Ohio, Western Supervisor Beneficial Loan Society of New York*

I am pleased to have the privilege of addressing the members of Illinois and Iowa State Associations and their employes on this subject, and I trust that you will accept my recommendations, but should they be contrary to your judgment, please accept it as a well-meant effort on my part.

There are a number of ways that we can educate borrowers to be honest, the same as we receive our teaching at home, but you know that a borrower has a great many difficulties confronting him which makes it necessary for him to seek service of a licensed money lender, and in a number of cases where the applicant has made application for a loan, I feel that it is the duty of the lender to go into detail as to the reason for borrowing the money, for we must take into consideration that the applicant is probably in a very embarrassing position and he is trying to be honest but due to circumstances, probably employment, or neglect to pay his obligations has caused him to make a loan on his household furniture or guaranteed note.

There is no question but what the lender can obtain the necessary results by informing the applicant after the loan has been properly investigated and ready to be made that their credit is not up to the standard and that they are not only giving the lender security but it is a moral obligation on his part, as I feel 90% of the borrowing public are honest, if they had the opportunity to make sufficient money to meet all obligations, but in most cases you will find that some are extravagant and some are thrifty, but unless they get into an embarrassing position and if they are not indebted to such an extent that they have been sued or garnished, the lender does not consider that the borrower is honest, and will pay if given an opportunity.

The time to educate the borrower is when making the loan, for it has been mentioned many times that, "A loan well made is a loan well paid," and what should be impressed upon the borrower is the fact that they are in such circumstances that you are giving them the opportunity to regain their credit and prove to the public that they are honest, and the prospective borrower should be impressed with the value of the service you are rendering them, the cost of same and that it is entirely up to them to repay this as quickly as possible, for they can obtain additional funds at any time should they be in need. Ex-Governor James M. Cox of Ohio in an address made in 1917, said:

"I make bold to say that the legalized loan business is more of a necessity in an industrial community than perhaps a bank, for this a bank, for this reason: it is the poor man, who when he needs money, needs it most."

If all lenders will use a simple method of following up their accounts, installing honesty into the minds of the borrower, and the necessity of making prompt payment of principal and interest, assisting the borrower to get out of debt. It is a proven fact that we will regain the confidence of the public in the particular business that we are now operating for in a number of instances we often think that the borrower is dishonest due to the fact that they have not been requested to repay their installments promptly, payments are taken whenever the borrower wishes to pay, they become cold, and probably the lender at times feels that if they press the collections to such an extent they will lose business, but I believe that *The Credit World*, gotten out by the Retail Credit Men's Association, puts it very well by saying:

"The belief that the practice of permitting a customer to pay when he pleases tends to promote good will and increase business is not borne out by experience.

"The most successful managers are those who insist upon strict compliance with their terms."

AN APPRECIATION FROM "DOC." MUELLER

I am just in receipt of a Gruen wrist watch with the following inscription:

> "Presented to Charles G. Mueller by the American Industrial Lenders Association in appreciation of services rendered as National Chairman, 1923-1924."

It would seem that this watch coming at this time reflects the spirit of the season of the year. Good will toward men. When I reviewed this beautiful timepiece, which evidences extreme care and fastidiousness in its selection and when I read the splendidly worded inscription thereon I realized that it was symbolic of a fraternal affection and esteem, that touched me deeply.

Such evidence of affectionate regard is the stimulus to greater personal effort and sacrifice. During my recent administration as your National Chairman, rather arduous though it was, I find a great deal of satisfaction in the joy that I tried earnestly to serve in a conscientious fashion, in the best interests of each individual member of State and National

Associations, to the increasing prestige and integrity of the small loan business in its entirety.

Please know I am doubly grateful; first, for the very beautiful and efficient timepiece, and secondly, for this manifestation of esteem. I shall take great delight in carrying this watch on my left wrist, where it will be nearest my heart. I shall always consider it among my rarest treasures. Above all I value the popular sentiment of fellowship it represents. Believe me always,

Yours to command,
CHARLES G. MUELLER.

BLUNDERING IN THE LOAN BUSINESS

By C. A. MILLER, *of Peoria, Illinois*

You know Mr. Baker had no idea I was going to be here. You see when this meeting was first contemplated he wrote me that the committee had selected me to give an extemporaneous talk or read a paper on some subject that I might select; but when the meeting was postponed he not only failed to send me a program but he even overlooked notifying me there had been a change in the date of the meeting.

You know it is human nature to want to do the very thing you believe someone objects to you doing, so I fooled Mr. Baker by notifying him I would be here and "Extemporate." But my nerve failed me at the last moment and I decided to read something instead.

The advantage of reading is the fact it is impossible to see the sickly smiles of sympathy or the amused grin on the faces of the audience. You see I had an opportunity of listening to some of the late politicians try to make a speech and know just how the audience feels when a man tries to explain something he knows little about.

So I thought I would talk about something that we are all familiar with. That something is "blundering in the loan business."

Now we do not need to kid ourselves and try to make ourselves believe we are never guilty of blundering. It is human nature to blunder and we can only try to minimize the number of blunders we make. A lot of us are inclined to pay too much attention to the other fellow's blunders and overlook our own.

First are the blunders of the outside man. We all will admit the outside man is one of the most important cogs in the loan office and the success of that office largely depends on his work. The manager however has got to supply the spark of enthusiasm and intelligently guide him over the roughest roads of the loan business, namely, "collections."

The average outside man is about what his manager makes out of him. Of course he must have the determination to work hard and intelligently. The manager who does not carefully go over the work of each outside man every morning is making a serious blunder and he has no one except himself to blame if his man does not get results. The manager's worst blunder is committed when he neglects to let his outside man know that every account that has been intelligently made should be collected in such manner that his business can be retained if the manager desires it. Get the outside man to talk about conversation he has had during the day with his worst account. You can easily pick out the flaws in his method of talking to the slows who are not responding to his calls.

The outside man blunders when he neglects to get into the house where he can talk to the client frankly and intelligently but courteously. He can never expect to accomplish anything by making doorstep calls and approaching any house smoking, even a cigarette. The smoke requires a certain amount of his attention and it is impossible to give one's best efforts if his energy is directed in several different channels. The outside man blunders when he neglects to thoroughly canvass the neighborhood on finding any one away from home. He can often save the time of a return trip by making strenuous efforts to find out when they left, which way they went, when they usually return, and if dressed for going to the business section or to the neighbors. He also blunders when he allows the wife to make a promise for her husband. She cannot make her husband keep the promise she made for him, and as she has not been asked to promise this call by the outside man is not only wasted efforts and time but every call made makes that particular customer just that much more difficult to handle. He grows callous to the outside man's arguments and each call increases the difficulty of getting a final settlement.

He also blunders when he uses "bulldozing" tactics. He cannot get results in that manner, and no one knows it better than the little fellow who must use tact, intelligence and shrewdness or probably get a couple of beautiful black eyes.

He blunders when he calls on a particular hard one on a day that he is not feeling confident. We all have our good and bad days, and when we have our bad ones we only make bad accounts worse by trying to talk to them when we are really licked before we arrive at the house. Have your outside man understand that you will appreciate having him tell you any time he feels unable to get results. Let him pass up that particular call till the next day. The next day he will get better results on it than you expected.

A manager is blundering when he takes the morning paper to the office. Every one will want to see something in it and the result is every one is standing around discussing something they have just read in the paper. Then the manager can hardly object to his help reading when he is also guilty.

The manager blunders when he fails to get to the office promptly on time so he can talk over things that have happened the previous day and give such honest and constructive criticisms is required. He blunders when he fails to frequently have a sort of round table where all can discuss the little faults they have noticed in the others and set about to correct them. It only takes a few minutes to have such a discussion, and if you let your help know you are sincere and tell you expect them to mention your errors also you will be surprised at the many little blunders on your part they pick up. Of course you always notice their faults, and unless invited they will not tell you yours. Such discussions are very interesting and often amusing. After a few meetings it is surprising how careful each one is so no one will be able to catch him blundering. Very small pocket notebooks where little notations can be jotted down at any time should be provided all employees.

Some managers are still under the impression it is real smart to try to slip some other company a bad account. This is about the biggest blunder that could be committed. We all can slip the other fellow bad deals but do not kid yourself, the other fellow will get next to your practices and he not only will lose all respect for you but will not let any opportunity pass to slip you something worse. He will not be satisfied to merely get even but will see just how much dirt he can do you.

By bad accounts I do not mean the average slow. I mean such accounts any manager has that has something under the surface that cannot at the time be detected. He blunders when he renews an account for the very purpose of sending that account to some other company about the time the first payment is due. A real good loan man collects his own extremely bad accounts or has them charged to loss and gain and considers them memorials to his own blunders. Many ordinary slows at one office will be good accounts at another and can safely be made after the manager has ascertained the facts and reasons why he was slow to pay at the other place. Slow accounts are often the result of the manager's blunder of overloading or his blunder in getting too friendly, or by not properly explaining the transaction at the time the loan is made, or by giving extensions too freely,

The manager blunders when he sneaks out to some picture show in the afternoon, when he neglects to daily analyze himself and familiarize himself with his own shortcomings and errors of commission and omission. He must be constantly on the job, but he often can take short brisk walks in the open with very little loss of time and great benefit to him.

The manager blunders when he fails to get the combined support of the office force. If he cannot get the support of any member of his office he again blunders by not having a heart-to-heart talk with the guilty one and find out who is at fault. Then if he still refuses to support you, get rid of him at once. One disgruntled employee will cause disastrous results with the whole office force. The whole force must work as one unit to attain the proper success.

It is the duties of the manager to see that the outside man takes pride in his personal appearance. A clean shave and neatly pressed clothes gives the confidence it requires to get results. Do not allow the help to parade around the office with hats on. Do not allow any profanity either from the help or from the clients. If the clients are handled properly one word of warning will usually silence a boisterous client who imagines he has some grievance.

The manager also blunders when he fails to occasionally visit the other offices and give them new assurance he is there to show coöperation and will honestly give such information about any of his accounts as may be asked. There are still legions of other blunders I could mention but I will leave the other ones to your own imagination and will close by saying that he commits a very mean blunder who fails to properly coöperate with his State Association and show this coöperation by attending the meetings regularly.

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A REVIEW OF "USURY AND USURY LAWS"*

BY REGINALD HEBER SMITH, MEMBER BOSTON BAR

"The man who loans $100 to his fellow-man who desperately needs it for a month, and who charges him $3.50 therefor and makes a profit of less than a dollar on the transaction, is not a 'usurer' in any true sense of the word. He is rather a benefactor. He is not a 'usurer' because his net profit is no more than a fair remuneration for the services rendered; he is not a 'usurer' because instead of exploiting the borrower, he is extending to the borrower precisely the financial assistance that he needs—a help which no urban commercial or savings bank and few charities would think of extending."

"It should be recognized that those men, who, at the risk of their own capital, are making it possible for necessitous borrowers to obtain small loans at fair rates, are filling a gap in our credit structure and are performing a highly important social and economic function."

These interesting quotations are taken from pages 149 and 137 of a volume just off the press entitled "Usury and Usury Laws." Here at last we have in book form a thorough-going analysis of the small loans problem written after several years of study by an impartial, disinterested scholar, Franklin Winton Ryan, who is an Instructor in Banking at the Harvard Graduate School of Business Administration.

The history of the development of this book is noteworthy. In 1921 Mr. Ryan submitted the first draft to the Faculty of Harvard University and was awarded the Jesse Isidor Straus Prize Scholarship. Continuing his researches in order to comply with the requirements for the degree of Doctor of Philosophy, the final draft was finished in 1923, was entered in the Hart, Schaffner & Marx prize essay competition, which is open to any American without restriction, and was awarded the first prize of $1,000 by the committee consisting of J. Laurence Laughlin of the University of Chicago, John B. Clark and Wesley C. Mitchell of Columbia University, Edwin F. Gay of Harvard University, and Theodore E. Burton of Washington, D. C.

After such eminent men have by two successive awards attested to the exceptional merit of this book, it would be idle for me to attempt to add anything in the form of praise. I shall, therefore, endeavor only to present a compact summary of the contents of this invaluable economic and legal essay.

As its title suggests, this book is not limited to the small loans field. Its scope covers the whole era of usury but Mr. Ryan finds that the situation with regard to small loans is the crux of the whole usury problem and he states that he regards the chapters dealing with small loans as the most important in the book.

The first fourteen chapters dealing with usury in its historical, economic, legal and social aspects lay the foundation for his observations on the Uniform Small Loan Act. This background sheds much new light on controverted points and is intensely interesting. It leads up to certain novel ideas that I have never seen expressed before and which seem to me of the highest importance. For example, Mr. Ryan shows that for more than a hundred years authoritative economists like Turgot in France and Bentham in England have made perfectly clear to intelligent men the absurdity and folly of the usual type of usury law that fixes the legal rate of interest at six, eight, ten, etc., per cent. The absurdity can be stated with a modern illustration. On Dec. 19, 1924, the Bank of France raised its discount rate to seven per cent and its loan on security rate to eight per cent. This was done for the most excellent business and patriotic reasons. If France had not long ago abolished her usury law, if she still had a six per cent usury law as New York and many other states still have, this necessary and beneficial action would have been illegal and impossible.

These arguments have been reiterated in America, all economists are agreed on the point, bankers and business men have urged the repeal of the usury laws, yet the legislators of the American states have steadfastly refused, and they have been adamant in their refusal. The legislators have been right, Mr. Ryan states, because they are determined at all costs to prevent the exploitation of poor and necessitous borrowers and if they had repealed the usury laws the poor would have been without any protection whatsoever. This attitude persists. In other words, our lawmakers will not repeal the usury laws until they can be shown how to protect in some better way the small necessitous borrowers. The answer, of course, is contained in the Uniform Small Loan Act and Mr. Ryan says that if the business interests of this country want to secure the repeal of the usury laws they must *first* secure the adoption of the Uniform Small Loan Act. This suggestion seems absolutely sound and I especially call it to the attention of the Committee on Legislation of the American Industrial Lenders Association. The members of this committee, by the way, will find this book to be full of excellent phrases and sentences that can be quoted with effect.

For centuries men have felt strongly about usury and the historical material in Mr. Ryan's book helps us to understand the origins of this peculiar, and to-day unreasonable, antipathy. The hatred of injustice is a natural and laudable human instinct. But the present day prejudice concerning usury does not spring from that source; if it did we should find just as strong a prejudice against merchants who sell goods at a large profit whereas, as a matter of fact, the community is apt to regard such successful business men as among its leading citizens.

It is hard to see how it can be right, on the one hand, to sell a ten-dollar chair for fifteen dollars and wrong, on the other hand, to sell ten dollars cash for a promise to pay fifteen dollars. Yet the distinction exists and is so old that it is recognized by law. The Supreme Court of the United States held the minimum wage law unconstitutional because it interfered with freedom of contract. Every usury law interferes with freedom of contract but the same Supreme Court has said:

"No court would declare a usury law unconstitutional even if every member believed that Bentham had shown for all time that such laws did more harm than good."

In its original form this antipathy to usury was a reasonable, logical feeling that is easy to understand and respect. Primitive people lived in tribes knit together more or less closely by actual blood ties, there was a feeling of kinship, the simple articles that were loaned—a plow, a spade, etc.—were loaned as accommodation for friends and not as a matter of business. The ancient notion that no interest should be paid on such a loan is precisely the same feeling I have to-day if I lend my brother a trunk. I expect him to return it but I do not expect him to present me with a suitcase in addition.

Well-intentioned but misinformed persons who oppose the Uniform Act at legislative hearings are fond of recalling

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this traditional feeling by reading the Biblical injunction against usury. Mr. Ryan quotes the famous passage but he quotes it all. Moses did say "Thou shalt not lend upon usury to thy brother," but Moses *defined* usury as "usury of money, usury of victuals, usury of anything * *." Legislative adherence to this text would clearly involve regulation of the price of food as well as regulation of the price of money. The first recorded case of usury did not involve money at all, but occurred when Jacob induced Esau to sell his birthright for a mess of pottage. This was usury because Esau was faint from hunger, Jacob had food and he exploited his brother's necessity to the very utmost. The rule against usury at its inception was not a rule directed against money lending but was a rule directed against what we would to-day call profiteering.

The fact is that to-day, under radically changed conditions of life, this rule is no longer applicable because the reason for it has disappeared. With the growth of commerce and the necessity for capital, the matter of lending money becomes a definitely organized business entitled to its profit as much as any other business in the world.

The general usury laws of the several States were adopted early in our history by colonial and state legislatures which had in mind the English statute of 1713, passed in Queen Anne's reign, limiting interest to five per cent. It is noteworthy that at this same time England was regulating wages, the price of food and other necessities. When those ideas were transplanted to America the notion of regulating the price of commodities gradually faded away and under our constitutions the whole theory of price fixing, except in the case of monopolies as the public utilities, was relegated to the scrap-heap. Stringent regulation of interest rates remained, however, and it has continued down to the present time despite the fact that the European countries were, one after the other, repealing their usury laws.

The stubborn persistence of this feeling about usury in America for so long a time and in the face of the experience of the rest of the civilized world must be attributed to the small loans situation, where extortion is peculiarly easy, and which affects precisely that class of persons for whom the legislators in a democratic country are especially solicitous. The most recent state to enact a usury law is California at a referendum in 1918. The official pamphlet distributed by the state to the voters gave as the first point in favor of the law—"It will protect the poor man who cannot afford to pay high rates." It is the poor who apply for small loans. Generally they need the money, not to reinvest it in a productive enterprise, but to buy food, clothing, pay bills for rent, coal, and medicine. They need the money desperately, they have little or no security to offer, and they are in no position to bargain. It is obvious that the unscrupulous lender can exploit this situation and start the borrower down the road of compound interest from which there is no escape but death. This is the nub, the core of the whole usury problem and that is why Mr. Ryan who started to write a book on usury in general ended up by writing a book about small loans in particular. He saw perfectly clearly the direction in which the facts pointed and he followed them through until he came to the inevitable conclusion.

If Mr. Ryan's book can be brought home to the public he will have paved the way for a complete solution of the existing deadlock that has made our progress so painfully slow. Bentham proved the futility of usury laws as applied to commercial and banking transactions but he overlooked the small loan which is an entirely different transaction. This is precisely what the American legislators will not overlook. They intend first and last to protect the small man on his small loan. The tragedy is that in the absence of intelligent guidance they have adopted exactly the wrong method.

We all know this part of the story. We know how the legislators through their misguided zeal to fix too low rates have brought about deplorable and terrible results that have been a national scandal. Mr. Ryan states it well:

"Thus it came about that society in its desire to protect the needy borrower from exploitation and extortion, acting through the agency of public opinion, stigmatized the business of the lender as unsocial; and, acting through the agency of legislatures, made the business illegal. A lender could not make any profit at all under statutory maximums of twelve per cent per year or lower. The actual result was to increase the rates which borrowers were compelled to pay."

The first intelligent guidance came from the Russell Sage Foundation. The brilliant pioneering work of Arthur H Ham need not be detailed here because it is so well known. Mr. Ryan submits the Uniform Small Loan Act to a searching analysis, sets out its advantages and disadvantages, and after striking the balance concludes *"We can find nothing to controvert the opinion that it should be enacted in every state."*

Economists have developed, tested, and proved certain definite principles which are as inescapable as the law of gravitation. With these standards, Mr. Ryan measures the Uniform Act and finds i sound. He next proceeds to the vital question of the three and one-half per cent rate. It is refreshing to find a man who is not deceived by the phrase "interest of three and one-half per cent per month" as most persons are deceived. If a lender actually received as pure *interest* as much as forty-two per cent a year it would be indefensible. In fac in this forty-two per cent interest plays a very small part. Mr. Ryan estimates that "pure interest is not over one-eighth of the forty-two per cent total charge."

Regardless of the exact fraction, it is clear that at least three-fourth of the forty-two per cent rate has nothing to do with interest at all. We know tha but we seldom take the pains to talk explicitly about it. To call an item "interest" which is at least three-fourth no interest is like the trapper who claimed that he made his rabbit stew out of rabbi meat and venison fifty-fifty and when pressed to explain said "one rabbit, one deer is fifty-fifty." The failure to make this interest charge clear to legislators and the public generally is, to my mind the greatest hindrance in every campaign We use the phrase "interest at three and one-half per cent per month" because i is short and convenient. That phrase ought to be taboo, it is generally mislead ing, and it is as dangerous as TNT. What the borrower pays for *expenses* merely *reimburses* the lender for the actual cost of doing the business. No profit is involved, the lender makes no gain, at best he breaks even. "Interest" to most minds is synonymous with "profit." To the man in the street forty-two per cent interest means forty-two per cent profit. The instant a legislator hears the phrase his immediate reaction is "no." When rates are discussed the predominant part played by expenses must be explained and reiterated until it is clear.

The Uniform Act was designed to be, and is, a practical statute. Experience indicated that any system permitting fees and expenses to be charged as separate items was susceptible to abuse. Therefore all charges were rolled up into one lump figure of three and one-half per cent.

The word "per cent" connotes "interest" which in turn sounds like "profit." The word "per cent" is not commonly used to mean reimbursement for office expenses. The general usage is to express such items in precise figures of dollars and cents. Those who know the small loans business understand exactly what the three and one-half per cent covers and therefore what it means. But nobody else does and the phrase "interest of three and one-half per cent" first and last, every word of it, conveys exactly the wrong impression to every one who hears it for the first time.

The only way to correct this impression is to tell the exact truth in actual figures. Metropolitan banks have recently had cost accountants study their processes to find out exactly what it costs to make loans and carry commercial checking accounts. I suggest that a typical small loan office might well be analyzed in the same way. Nothing could do more to straighten out the misconception under which ninety-nine out of 100 persons labor as to the three and one-half per cent rate than proof that to make a $100 loan repayable in ten monthly installments involves a *cost* for overhead, bookkeeping, postage, collection, etc., that averages $3.00 per month (or whatever the exact figure might be). I believe that loan offices have reduced their actual overhead expense far below any comparable figure attained by any bank. But even that low figure when converted into a per cent item immediately looks and sounds big because while $30 is only .03 per cent of a $100,000 loan $3.00 is three per cent of a $100 loan. Tricks of mathematics and tricks of language conspire against us and our only course is to recognize these pitfalls and unremittingly strive to keep the facts clear and straight.

Three eloquent paragraphs may be quoted which give Mr. Ryan's conclusions as to the great virtue of the Uniform Act.

"..the only reason that can be ascribed to the legislators' refusal to repeal the general six, eight, and ten per cent usury laws was their sincere and well-intentioned determination to prohibit moral usury and exploitation. Yet, when legislators have honestly and without prejudice examined into the small-loans field where moral usury typically occurs, they have been forced by the facts to repeal the six, eight, and ten per cent statutory maximums in the field of small loans and to substitute therefor far higher rates of lawful interest—in most cases three and one-half per cent a month.

"Legislators in states where no such provision for consumers' small loans has been made may well be assured their six, eight, and ten per cent usury laws, instead of protecting the poor borrower and eliminating moral usury, have in fact turned necessitous borrowers over to the mercies of the worst type of lenders, the true loan sharks, and have created a condition under which their humbler citizens, instead of paying three and one-half per cent monthly charges, are in fact paying five per cent, ten per cent, and even higher monthly loan charges.

"On the other hand, the legislators in those states which have faced facts and have dealt with the problem accordingly, know that within their jurisdictions the new plan of regulation, with a fair loan charge geared to the actual expenses and risks of the business, has permitted honest capital to make small loans honorably, has lifted the whole situation out of the mire on to the plane of a legitimate banking service, and has exterminated exploitation, moral usury, and all the untold tragedy that necessity and ignorance have suffered at the hands of unscrupulous cunning and greed."

The credit union is considered by Mr. Ryan. In his opinion "it can never become more than only a partial solution to the industrial small-loan problem." He states the reason:

"The instant a credit union endeavors to serve the general public, it will have to pay rent, it will have to pay a living salary to a manager, and it will have the usual run of office expenses. In short, its costs will become as great as those of the industrial licensed lenders, so that, unless the credit union proposes to give no return on the capital employed in the business, it will be obliged to charge fully as high rates as those charged by the industrial licensed lenders. The advantages which reduce costs begin to disappear at the point where a credit union is organized to serve the general public."

An author who is so obviously impartial and whose keen mind has enabled him to tread the intricacies of the small loans problem and to appraise correctly the fundamental factors in the situation is entitled to a respectful hearing when he offers suggestions. Carefully avoiding any dogmatic pronouncement, Mr. Ryan suggests that there should be more flexibility in rates. It is his idea that loans might be classified as to amount, duration, and security, and that different rates should reflect the inherent differences in loans. The fixing and revision of such rates he would entrust to an administrative board or official as is theoretically done by the Massachusetts small loans act. He inquires whether three and one-half per cent is an adequate rate enabling legitimate lenders to make loans as small as twenty-five dollars.

These suggestions are timely and indicate questions as to which we should strive to keep an open mind. Such questions can be answered only by actual experience. We need to know more facts. I hope it may be within the scope of Dr. Robinson's survey to throw additional light on such considerations.

Nothing could be healthier for the small loans business than a continuing series of studies which may ultimately educate public opinion to a truer understanding. The battle for the Uniform Act must be fought for many years to come. Progress is none too rapid. The filing of briefs and presentation of arguments before legislative committees once a year is not enough. To permeate the public mind, to overcome inertia, prejudice, and misconception calls for continuous, not spasmodic, education. The right ideas, the true ideas must be sent out into the world through all available channels and especially through books and articles until those ideas finally gain sure lodgment in the conscious thought of the people. When that is achieved the Uniform Small Loan Act can be passed in every state in the Union in a single year. Towards this end "Usury and Usury Laws" is an important contribution. The forthcoming survey by Dr. Robinson and Mr. Hilborn will constitute another invaluable contribution. With the passing of the years let us hope that further studies will be made and further publications will be issued for the enlightenment and for the guidance of us all.

AN ADDRESS

By Hon. Edwin R. Cox at the Annual Meeting of the Pennsylvania Association, Philadelphia, Dec. 3, 1924.

Mr. Toastmaster, ladies and gentlemen of the Pennsylvania Industrial Lenders Association, and guests: Mr. Watts is as amiable and courteous to-night as he was twelve years ago to me when I first took up this battle against the "loan shark."

The Mayor of Baltimore is a fine fellow, and he comes from a fine town, and I was down there last Saturday with a crowd of 80,000 other people, and they kept me there so long I almost made a vow I would never return to that great city. They were, however, very hospitable, but they would not let us folks go home, and it was one o'clock in the morning before we finally did reach home. And while it was a great game, it did not come up to the games we have out at Penn.

They tell a story about Mr. Babson, the great statistician, the man who forecasts the business of our United States, and we business men try to follow him, although his charts sometimes are very mysterious. Mr. Babson, at a meeting a couple of weeks ago, said he was invited down South by one of his clients to look over a large acreage that was being sold there, and he was amazed at the fertile soil and the wonderful trees on it. The man trying to make the sale was a good salesman, and he said to Babson: "All we need, Mr. Babson, is a few good people and some water," and Mr. Babson replied: "That is all that hell needs." (Laughter.) Now, I want to say to you to-night that all we want in this community is plenty of water and a lot of good people and then we are going in to win everything we start out for.

In 1907, when the great industrial panic visited our industrial section in Pennsylvania, I was working in welfare work in South Philadelphia, and it was then I met the first loan shark—not one, but hundreds of them. We were dealing out provisions from our station houses, and many people were coming there for food and other necessities so that they might live, and it was then that the operations of these loan sharks came to my notice. They wanted everything, they were not willing to share with the other fellow at all, and let me say this, when a man starts doing business and doesn't share with the other fellow, and doesn't realize the other fellow is a part of that community too, he is sooner or later going to be a back number, and unless you share with your neighbor and make life worth while to him too, your life amounts to nothing. It is the Golden Rule in business to-day, whether you are handling a business, commercial or financial, or whether you are in politics. The old order of things has passed and gone, and in the City of Philadelphia there is a new rule, and that is, we are going to give an honest, upright and truthful administration under this present Mayor of ours. It has been my good fortune to be able to handle the budget in the City of Philadelphia this year. Upwards of sixty-five millions of dollars probably will be expended, and I want to say right here, your tax rate is not going to be increased. I am going to say also that about 10,000 men in our city, including your police, firemen and park guards, have had their pay raised ten per cent. (Applause.)

Now, let me go back a little further in the loan shark business. You all remember how we worked for legislation to do away with the loan shark, and how at last we succeeded. You will recall also how you men endeavored to bring the business to a higher plane, under the sanction of the law, and I have watched you grow and grow. Nine years ago, I think I had the pleasure of looking at about a hundred men who had gathered together and agreed to go along under the act that we had passed, and to-night you spell this great word "Success." Captain Souders, now Assistant Superintendent of Police, was in Harrisburg, and I went to Harrisburg having just been elected to the Legislature, my first term, ambitious to help, ambitious to do something for my fellowmen, and naturally, I introduced the loan shark bill, and you all know what happened to it, the horrible battle over it, which cost me many nights' sleep. I met many men who were willing to help, and prominent among them was Mr. Watts, always courteous, always willing to work for the best interests of others and for the best interests of his organization. I was proud of him, I was proud to know him. And at last we passed the act and it was declared unconstitutional.

The citizenship returned me again, and again I returned the proposition, and the Governor vetoed it. And the citizenship again returned me, and we passed the act and it was declared constitutional. But I want to say my mind changed considerably in those years of battle. I was educated by you men, educated to realize that there were two sides to a question, educated to know that the men who were in that business also had rights, and when I began to realize that, I worked in every way I could for the men who were endeavoring to protect their business as well as to protect the citizenship. Then we got somewhere, and we wrote upon the statute books of Pennsylvania this law you are operating under. It is under my name, but I want to say to this assemblage that while my name is attached to it, too great credit cannot be given to every member of the legislature who was my colleague, and great credit also should be given to Captain Souder who worked side by side with me in endeavoring to do what was right for all—not for one but for all—and we have this act as a result of our work.

To say I am not happy to-night about it would be to lie, because I realize that you folks, just as the Mayor of Baltimore has said, have brought the standards of your business so high that you are now recognized legally in the State of Pennsylvania and doing business just the same as any other financial institution.

It is to your credit that this organization has grown to the size it is to-day. I realize that as you continue doing business as you have been doing it under the act, you will be respected far more in the future than you have been in the past, because "Nothing succeeds like success." I have sometimes blushed with shame in the last two or three years when I observed the vast amount of interest that has been charged by building and loan associations and by automobile people and then have looked back to the money that you folks were taking under the old régime, and yet you were called "loan sharks"! (Laughter.) I don't know what they can say to-day about the building and loan men or the automobile sales organizations. (Applause.)

There is no question in my mind that there is a standard in all things, provided we place that standard high enough and live up to it, we are bound to be respected. The public is very fickle, they soon forget.

We realize in Philadelphia that the loan business now is upon a plane that it does not take all the time of our detective agencies, and I also realize that there is growing up in the City of Philadelphia and State of Pennsylvania a greater and more serious evil, and that is the dope evil, and we have increased our detective forces in this city to combat that evil.

My friends, I want to assure you that your record is above reproach in Philadelphia for the past two years. I want to express my sincere thanks and appreciation for being invited here. I appreciate the honor, and I wish you all success. (Applause.)

MAKING CREDIT AVAILABLE FOR ALL

A good many thousand copies of "Making Credit Available For All" have been distributed throughout the communities in which our members do business and we are confident that this has been one of the best educational features ever undertaken by the National Publicity Committee. This account of the small loan businss, written by H. F. Woods, our publicity expert, is one of the most comprehensive statements crowded into a brief space, justifying the small loan business that has ever been prepared before. Members who have not received copies to date should place their order with R. F. Hartz, Chairman of the National Publicity Committee, 347 Bankers Trust Building, Indianapolis, Indiana.

One member used the following means of distributing the booklet in his community to business men:

> "Every Live Business Man
> Is Necessarily Interested in
> Other Lines That Directly or
> Indirectly Affect His Business

"The enclosed booklet is being mailed business men to bring to their attention a credit factor that is of real importance.

"Ours is a business which is little understood and one in which the average business man thinks he has no interest. This view is hardly in accord with the facts, for it is well known that from 85 to 95 per cent of the people have no bank credit. Did you ever wonder how these folks finance themselves in an emergency? Have you ever thought how this problem affects your business?

"It is not our intention to make any argument along these lines here, but to let the booklet, which we hope you will read, speak for itself. We do, however, know that all business, including ours, is inter-related and the better our respective lines are understood by each of us the more practical the coöperation."

CODE OF ETHICS

Most members have been supplied with copies of the Code of Ethics, adopted at the Baltimore Convention and others who have not yet received their supply will get them before long. The purpose of the Code of Ethics in the first place is to acquaint all members with the rules of conduct which the National organization has adopted and it is hoped and expected that each member will practice the Code of Ethics faithfully in the conduct of his daily business affairs. Of course, we would like to see all the State Associations and individual members fall in line with the action taken by the National organization in this matter, but what is more important than all of this is to see that the thinking and so-called prominent citizens in every community are acquainted with our principles of business conduct. Business men's organizations, public welfare bodies, judges and other public officials should be sent copies of the Code with the compliments of the members sending them. It seems that a number of members have received very complimentary letters from officials high up in public life and others to whom copies of the Code have been sent.

DUES

Most of you no doubt have received from W. P. Woll, Chairman of the National Finance Committee, a request to say to what extent you would support the National organization during the coming year. Explanation was made at the National Convention of the necessity for an increased revenue over last year if the program of the National body was to be carried out. The demands upon the treasury are growing with the increased functions of the Association and if laws are to be enacted in States where the high rate lenders are in control and if the present laws are to be kept intact on the statute books, it is imperative that the members who are called upon to do this active service be supported liberally by the whole membership.

Assurances have already been received from many members, who will remit their dues this year on the basis of $1 per thousand on their average loan balance in accordance with the request embodied in the resolution adopted at the Baltimore Convention. In some cases some members will pay more than $100 per office per year on this basis. Another feature which is appreciated by the National Secretary's office is that many members will remit annual dues instead of semi-annual dues on February 1st, which will be a saving of time and expense all around. As the time for the payment of dues is again almost at hand, we urge and request all members to promptly remit in order that the national officers may meet their obligations promptly.

YEAR BOOK

Complimentary copies of the 1924 Year Book were promptly distributed among the members of the A. I. L. A., public officials, public libraries, and public welfare organizations last month. Members of the National Federation of Remedial Loan Associations, because of mutual courtesies extended to members of the A. I. L. A. were also included in the free list. Possibly there are other persons interested in the small loan business who would like to receive copies of this publication, which contains a complete directory of the members of the A. I. L. A., the reports of the officers, addresses and discussions of our Baltimore National Convention, together with the Constitution and By-Laws, Code of Ethics, latest revised draft of the Uniform Small Loan Law, and a digest of State Small Loan Laws. Members who desire additional copies or others who would like to receive copies of the book can have their wants supplied as long as the edition lasts, by sending a remittance at the rate of $1.00 per copy to the National Secretary.

BALTIMORE

Baltimore, the official publication of the Baltimore Association of Commerce, November, 1924, issue, in an illustrated ten-page article, gives an interesting account of our Tenth Annual National Convention held in Baltimore September. The magazine also carries a half-page ad of the Maryland Association under the caption, "The Money Merchant Talks" in which an explanation is given of the necessary charge for small loans under the existing statute.

A NEW PATH ACROSS AN OLD FIELD

An Address by Harry D. Holloway at the Annual Meeting of the Pennsylvania Association, Philadelphia, Dec. 3, 1924

When I last addressed you, your committee selected the subject of my remarks. My good friend Mr. Watts, this time decided that selecting a subject for me would be futile. It appears there was a lengthy discussion as to whether I should be requested to again address you, which was quickly terminated when "Zeek" remarked: "Harry always does a lot of talking." We may as well put his name on the program. This morning when I asked my good friend Watts at what hour I should read this paper, he replied "We will hear from you this afternoon, because you know an audience is much more patient after lunch than in the morning."

My subject, as announced, is "A New Path Across an Old Field." I may adhere to the subject as closely as did Artemus Ward in his famous address upon Africa. After speaking for two hours about everything in the world excepting Africa, Mr. Ward said, "But my subject is Africa, and if you will consult a map of Africa you will know more about it in five minutes than I could tell you in a week." Now I say: Consistently read the INDUSTRIAL LENDERS NEWS and you will learn more about "The New Path Across an Old Field" in five minutes than I will be able to tell you in the two hours allotted me by our chairman.

It is my good luck and your misfortune that I have just escaped Jury duty. Among those summoned and not wishing to serve was a fireman in charge of the boilers of a Manayunk Mill. After explaining to the Judge that he must be at the mill every day on account of frequent trouble with the boilers, the court asked: "For what length of time have you had charge of these boilers?" the fireman replied: "for twenty years sir," whereupon the Court said: "You will serve on the Jury and give the boilers a chance." I knew better than ask to be excused an account of making this address, as the learned Judge would have probably said; "You will serve on the Jury and give the convention a chance."

The money lending field is an old one. We have records of money lending and mortgage laws recorded on tablets that come to us from civilizations existing 4,000 years ago, and these records show that the lender was frequently accused of usury. It is therefore apparent that accusations relative to interest charges is anything but an innovation of modern times.

Coming down to a more recent period we find that Benjamin Franklin who died in the year 1790, leaving a will that provided twenty-five thousand dollars to be set aside as a trust fund for loans to young married artisans in Philadelphia and a like amount for Boston, a condition being that no loan should be of more than $300 to any person and all loans should be repaid with interest in ten equal installments. You will therefore readily see that the maximum amount of $300 for small loans, as well as a ten months payment plan, is anything but recent.

Coming down to very recent years I recall clearly when four kitchen chairs, a pine table, a large wooden cuspidor and a sixteen hour working day constituted a completely equipped money lending office. Oh! I forgot the two mottos on the wall—namely "Home Sweet Home." (which we seldom saw) also "Interest Sweet Interest" (which we did not always get) and yet another motto, not so conspicuously displayed read: "Try our painless endless payment plan, the more you pay, the more you owe."

Every path and organization must have a good foundation. The basis of our constructive work was really made by the Russell Sage Foundation. True, we at first said it was impossible to continue this business at the rate they proposed and it required many days of careful consideration before we finally accepted the terms of the Uniform Small Loan Law. Time and results have proved that the Russell Sage Foundation was right.

We all know of the recent rapid strides of our business made possible, not only by good laws, but with the coöperation of you men, whom I know are enforcing not only the letter but the spirit of this excellent law, so ably interpreted by the Secretary of Banking of this Commonwealth.

Our National and State organizations are doing a work of which we are justly proud. We all know that Industrial Lending is one of the fastest growing businesses in America. Growing, not only in volume but rapidly moulding public opinion in its favor. Therefore, no longer can the finger of scorn be pointed at the man engaged in the business of making small loans. We must not rest content with the great progress made. We aspire higher pinnacles.

The Uniform Small Loan Law is most equitable, if tampered with its usefulness will be sadly impaired and many thousands of worthy citizens deprived of obtaining money for commendable purposes at lawful charges.

We seek not a path terminating at the sign "Toleration," the goal we are striving for is the path terminating at the sign "Welcome." Glancing, about I see this path embellished with Moss, and made more Beneficial by a Young-Community-Booth. The path may now be trod Aright with a light Hart and the Courage of Lyons. It is illuminated by Watts and Wicks for all People of a good Household and is even safe for old Dobyns. In fact, the path may lead to regions considered Devine. However, with Woll, Huettmann, Zumpfe, Zimmerman and Doctor Mueller at the Helm, we may Buck the tide and take refuge under the East Lee of the Herron fleet.

Thanking you for your attention I close with the admonition to ever remember we are walking on a path which is clean. We must keep that path clean—Neither will we permit weeds to grow in our field.

WHEREIN LIES THE SUCCESS OF AN OFFICE

By W. F. Buck

The success of an office is one of vital importance, first to the owners or parent organization, second to the manager, third to the borrowing public.

The success to the owners consists in the amount of return on their investment and the permancy of the business.

To the manager it means a larger return in the form of salary and promotion to a more responsible position and sometimes a financial interest in the business.

And to the borrowing public, by the kind of service rendered either in the amount of money they receive, the size of payment they are to make or to some other one of many little human issues which the manager (and he alone) can do, to relieve some undue strain or worry.

The main office or owner can either help the manager to conduct a real successful office or can hinder him by either too much supervision or too many instructions.

A manager should be given wide latitude, freedom of thought, action and be unhampered by restrictions that are not applicable to his city.

It is almost an impossibility to have a main office issue instructions to their various managers that can be applied to each office under their control.

The conditions prevailing in one city are entirely different from another which may only be a few miles away consequently will require different handling by the manager.

Some offices issue instructions as to approving an application upon the amount of security the applicant must have, or the kind of position he must hold.

That is all wrong, for there are many applications which we take and make if it came to a question of collecting same through legal channels, we would not get 50% on the account.

There are other organizations who have so much system the manager does not have time enough to look for new business or keep after his collections, and so much supervision by men, who if it came to a shown-down could not manage an office even half the size of the one they are criticizing.

I know of a case in one of our organizations that the supervisor or auditor, I personally would not employ even as an outside man yet he tries to audit and instruct managers.

That is a question for the main office to decide and consequently has a lot to do with the successful operation of an office. Such men do not have the confidence, nor can they command the respect of the managers, consequently it weakens the morale of the office.

Let us boost the morale and make all of our men feel they are the most vital part of their office and their office is the most vital one of the whole organization. It will create a friendly rivalry among first, the outside men to produce the best results, then the assistant managers, and finally the manager who is the responsible head will try to do even better than he has ever done before.

Now for the Manager.

Do you ever start at the beginning of your month and figure the amount of interest you should collect for the month, take the number of working days and find your average per day and follow your collections by the day and try to keep up to the average you should collect?

Try it gentlemen, see how much it helps you in your work.

Do you ever take your slow cards, that is, real bad ones, and mark on them in some conspicuous place, from 1 up to 5 for the different types of slows and so much for skips located, call each number a point as one point 1, 2 as 3 points etc., and have your men see who can roll up the largest number of points per month?

You can either have it for clearing up the account entirely or receiving a substantial payment on principal and the interest to date or any number of ways that will make it very interesting to your outside men and in addition create a closer spirit among your men.

Do not hestitate to give them credit when they do an extra good job and also do not hesitate to call him any time he slips up on anything.

Also, check your number of accounts from week to week that are paying off and not renewing. Do not merely place them in the mailing list and forget about them until it is time to send out your usual O. K. letter, but keep your eye all of the time on the number of accounts in your turnover.

Mr. Manager you are the brains of your organization, your main office merely supplies the tools or money for you to work with and it is up to you to either make a success or failure of your office.

If your main office or supervisor issues instructions, do not hesitate to tell them if they do not measure up to the conditions and environment of your locality, they will not hesitate in telling you when you are wrong.

The main office is always open for suggestions and criticism, they are not infallible.

Write them at least once a month giving them the outlook of the business as you see it, that will broaden their views as to the needs of your city and if you are wrong or they have different views from you their criticism will broaden you and benefit your office.

Mr. Manager you are the one that by asking questions and by telling the main office your views and criticizing their method can gain all there is to be gained and make yourself invaluable to your organization and an eligible to higher and greater things in this most wonderful business.

Mr. Manager you are the one
"WHEREIN LIES THE SUCCESS OF AN OFFICE."

WHEN YOU WANT SERVICE GIVE SERVICE

By J. C. Lewis

There has been much written and said about service in the loan business, but the greater part of these articles and remarks pertains to our patrons. Service is such a great and paramount word in business to-day that every well thinking business man is striving to give the best that he has, not alone for the dollars and cents involved, but the good will that every act of real service produces.

I believe that every "honest to goodness" loan man, especially those in this association is conscious of the necessary service that we render the industrial class and is doing his level best to educate the public as to the value of this service, but what are we doing for the people who we continually come in contact with in order that our business may be properly carried on and accounts collected, namely: state officials, attorneys, sheriff and other public officers, charitable organizations, installment houses and brother loan men.

State examiners depend upon our service in order that this necessary business is conducted in a lawful manner. Are you closely watching the actions of other concerns and reporting any violation of the law to the department, thereby serving them and benefiting the standing of your business?

When an attorney makes inquiry about an account do you go just a little out of your way to give him full particulars and further educate him if possible? The one hundred per cent coöperation with attorneys does not only usually collect the account, but the rendering of such a service is also educational and a close follow up on the literature distributed, such as the "Code of Ethics," etc.

Three illustrations of the benefit derived from this sort of service comes very forcibly to my mind. In two of these cases the attorney assisted in the collecting of the accounts from his client. The other is worth relating the conditions as follows:

The assistant of a very able attorney and a man who was a State Senator and voted in favor of the Uniform Small Loan Bill advised his client to pay a certain company 6%. Immediately a conference was arranged. The cards were laid on the table with the result that the total amount was collected at once. The attorney was very thankfu for this service and the company was served to the extent that he is their friend and advises his clients differently to-day.

How can the sheriff and his deputies be served? By keeping in close touch with them as to the condition of accounts in their hands. Coöperate with them and accept the arrangements made by them (if reasonable) and they wil reciprocate one hundred fold on the accounts to follow.

Other public officers can be served by educating them to the fact that we are just what we represent. The warden o a certain jail absolutely refused to allow a loan man to interview a prisoner because of the nature of the business The manager made a personal call on this gentleman and after a lengthy interview he was convinced that we are no such bad fellows after all and to-day cannot do enough for the loan men. Yo may say this was not service but education, but if you will carefully compar the two you will find that to be educated is to be served, and if we serve w educate.

One of the most important duties o our service department is close coöperation with charitable organizations. Investigate the cases they call our attentio to with them and if the patron is reall down follow out the suggestions of th charity officers and show to them tha loan men not only have a principle, bu demonstrate the same by being humane It is no credit to the best collector i the business to attempt collection fror a pauper. There are occasional impostors that apply for charity, and have known the charities to assist in th collection of these sort of accounts b reason of the fact that worthy case were given every consideration.

What do you do for the departmer stores and installment houses in you locality, also those from other cities wh per chance forward you an account t look up?

I have always been a booster for th Retail Credit Men's National Associatio because we have so much in commo with these men. We make loans on th articles they sell. Their customers ar our patrons. They have bad account to collect and so do we, and many time they are collecting from the same peopl we are. Therefore, why not cement link in the chain of service with thes installment houses and department store if we expect their coöperation.

I have seen inquiries from departmer stores, installment houses, etc. thrown i the waste basket. This is not the spir of coöperation and service. The peop making these inquiries are human being and deserve some consideration. Sho them you are regular fellows and yo are sure to reap your harvest in servic

When such an inquiry comes to m notice I give the desired information (permissible) carbon the letter on th inquiry blank, place it on file. More information has been obtained on skip and bad accounts in this manner tha any one source of information I kno of. Some one will say that's all righ but it costs money, takes time, installment houses would make a collecting agency out of our office.

It may cost a little, take a short time, and you will perhaps experience imposition occasionally, but every loan and credit man should realize that this branch of service is an asset and not a liability. Dealing with credit men has taught me that this is true. While employed in Philadelphia, because of this service it was my privilege to shake by the hand with one exception the credit manager of every department store in the city and also a number of the installment credit men.

The following illustration is conclusive proof as to the value of serving the other fellow:

Very recently I was confronted with a bad separation case. The husband called at the office and wanted me to take the furniture, but said it was being purchased on installment from three houses. I immediately got in touch with these concerns with the result that they permitted me to sell the furniture, take our balance from the proceeds, and pay them from the remainder on a pro rata basis. I did not only get their word for this, but each of them put it in writing for the benefit of my files. Why did they take this extraordinary action? Because every time they asked for service they received it, not evasive or disinterested service, but service with a little pep to it. In fact we collected for one of these men a balance from a previous separation case that he would not have gotten otherwise. There are many cases similar to these coming to our notice every day.

Are you getting your share of service from installment houses, etc.? If not, there is a reason.

How are you treating your local competitors? It was my fortune to manage an office in a city where the selfish spirit was prevalent. These competitors were sociable when they met, but would give no business information to one another. Being a new man in this city one of them called me on the 'phone and asked about a certain account. I gave him the information desired and told him there were two things he could not have in my office—the cash drawer and a list of accounts, but I was anxious to serve him in any other capacity. This man called at the office the same day, not to get information, but to see if I looked the part I played over the telephone. We became very good business friends and this feeling spread among the other competitors and to-day I think everybody is happy.

What do you do with an account received from an out of town loan company or credit manager of some installment house? Is the card pigeon-holed until you have a spare half hour to attend to this matter? Do you feel that the collecting of this account means nothing to you in actual cash? Does the selfish feeling creep into your being that our accounts come first, the other fellows' later.

If so, how would you like a credit man in California to treat your accounts in this manner? We hear so much of educating the public, but education begins at home. We must be educated to educate, and I believe that one of the most important branches of the service department in the loan business is to serve each other, irregardless as to whether you personally know the other fellow or not. It should be sufficient to know that he is in the credit business and needs help. The public and credit world are not concerned as to who you are, but what you are, and this you can prove to them by the brand of service you give.

There are many other illustrations that could be given that show the value of service to the people who we expect service from, but it is sufficient to say that the gist of this article can be summed up in very few words—you reap as you sow, and you receive the same service as you give. Therefore, if you want service put a little spirit in the service you render.

INDUSTRIAL LOAN BUSINESS AS A VOCATION

By A. G. Zimmerman, *Eastern Supervisor Beneficial Loan Society*

The Industrial Loan Business, or Small Loan Brokers, as the business is classified, is one of the most interesting, fascinating, helpful and permanent businesses in the world.

Few realize that the better class of people constitute the borrowing public that satisfies its needs through the small loan service of to-day.

That the public appreciates the small loan service to-day is established by the manner in which they patronize the business.

To become engaged in the loan business to-day, the requirements are many; we must understand and have knowledge of the laws and regulations governing the business; accounting in every branch is applied to keep the records of each transaction. Credit investigation must be made so capital can be advanced and collected in order that pleasant relations continue to exist with the client.

Young men and women who are high school graduates and have taken a business course at college are the type of person that is being selected to-day. They are being trained in this special field of work which is being recognized by State after State that enacts the uniform Small Loan Law.

Many of the large organizations have bulletins giving special instructions to the service staff.

All members of the service staff must be healthy and alert, and the duties of an investigator are such that he is kept out of doors most of the time.

Many promotions come about through the transfer of a member of the service staff who has demonstrated his ability to handle a larger office than the one in which he has been working, and who may desire to live in another city. Such changes broaden their viewpoint, enlarge their experience and increase compensation. It also serves to bring the experience and knowledge gained in other locations to the benefit of the newer office.

Every position in the service staff work is standardized from careful analysis, in order that each employe may receive the best type of training most calculated to develop the best of his talents to achieve a definite success in his work.

In the course of a day's business the service staff is in constant contact with the general public, who, in a confidential business manner, consults with them about their present daily financial problems, these mostly being with respect to domestic problems.

These intimate, personal, financial details of a family are bared to us and in our confidential position, the modern loan man *must not* violate this confidence.

The work is very interesting and helpful to borrower and loan man.

Every business house in the community at some time has credit relations with the general public and many bills owed merchants are settled by our small loan service. In this way the borrower keeps his credit good and the merchant realizes quickly on his pending accounts.

The employees enjoy the benefits and business privileges extended by the members of National and State Associations, Chamber of Commerce, Board of Trade, Credit Men's Association, Credit Exchange Bureau and also give their support to charitable organizations. The help turnover is small as the service staff finds permanent employment where advancement is assured.

Every one engaged in the industrial small loan business should be proud to explain to new workers what an interesting vocation it is to follow.

"Daddy, why do the other fellows' fathers tell them that you are a success in your business?" asked my little son, as he came running in from school.

"Well, son, I don't know why they should say that, except that I have always been proud of my business, and maybe, that is the reason why I have attained some success, but why do you ask?"

"Oh!" replied the boy, "Because the fellows are always asking me to find out what you think of something."

The next day, a similar incident occurred, except that the question this time was:

"Daddy, what is your business? Where do you go every morning when you go to the office?"

"This time I understood his question and told him with pride in my tone that I was engaged in the small loan business and that I went to the office every morning to help other people. To my astonishment, he asked me if I were glad and proud that I was engaged in this business because he said that his chums' parents had told him they were in the finest business in the world—that of banking.

When I explained to the boy that I was working at a business that I would rather be in than anything else I could possibly think of, that I liked it so much that I would work at the business for nothing if I could afford it, he caught some of my enthusiasm and pride and a little while later, I heard him challenging his young friends to a discussion of the merits of the business of their respective fathers.

This is something of the pride that every one of us—in the small loan business—experiences. Our enthusiasm is rapidly becoming contagious and even though our industry is as yet, comparatively unknown as compared with other more widely discussed professions, an increasingly larger number of applications for employment in this small loan business are constantly being received by all lawful lenders. Personally, I think that our business is the finest business existing and I talk it, think it, and dream about it so that I am sure that the pride which I have in my work, communicates itself to those members of our service staff who come in constant contact with our borrowing public and they, too, become imbued with a similar spirit of pride that a citizen holds for his state.

After having spent years in this industry, and, as I regarded the future of our profession as being built on the solid rock of present activities, I am more and more impressed with the great primary need for a thorough understanding of our grave, moral responsibilities. As I regard ourselves—and as it has been confirmed innumerable times by my associates—we are in the definite class of receiving confidence of thousands of people who reveal to us that which they hold most private. We, in turn, must hold such confidences inviolate. The average borrower who comes to us, in this lawful lending business, is a normal, honest citizen with pride in his own ability and for his family. In revealing to us the secrets of his personal finances, he does so under the stress of necessity and because of our assurance that we will not reveal his confidence to any person.

Gentlemen, it is my earnest conviction that as soon as our great borrowing public learns that we really mean what we say when we tell them that we will protect their confidence—and those borrowers find out after a period of time that none of their friends have learned of their financial embarrassment, indicating that we have kept our word to them, then, and not until then, will our small loan business be lifted to the dignity of acceptance by the people of this country. When they learn that they can trust us, borrow from us in perfect safety and without fear of exposure and learn through actual experience or by the solemn assurance of an intimate friend that we are to be trusted—then will we be on our way towards permanent acceptance which spells success.

Every one of you who are actively engaged in the small loan business could undoubtedly reveal hundreds of pathetic, human-interest cases which have been adequately relieved by a small loan—the borrowers having repaid the loan and thus become staunch supporters of the lawful lender. If these human-interest cases should be collected from all of you and published in pamphlet form, such a collection would be the most striking evidence and offer the most complete set of reasons for the adoption of a small loan act by every state that we can possibly secure. Think of it, gentlemen, there are now only twenty states which have passed an adequate small loan act and under which lawful lenders are now operating for the help of citizens of that state. I venture to say that if we could properly regulate our propaganda and disseminate it among the sections of the country which we feel need our industry the same as this State, that we could arouse a great, sweeping, popular demand for the enactment of our small loan law which would have its instant effect upon the various state legislatures and maintain its insistent demands until the legislative and executive departments of the state department satisfy the people's will by such enactment. It would be a good deal like a manufacturer who, in an endeavor to popularize his own brand of candy, would seek to arouse favorable, popular opinion for his product and so, of course, force the retailers of his section to stock his goods. As far as I know, the small loan industry has never adopted this method of securing the enactment of our approved small loan law and I do not say at this time, that such methods would be the best, but I do emphatically uphold the principles showing the advantages of the small loan business to the borrowing public and ranging them on the side of the lawful lenders in a combined effort to have our Uniform Small Loan act passed.

Can there be any doubt in the minds of you, who have lived with this business from its inception as lawful lenders up through the vicissitudes of its struggles for recognition and who can read the handwriting on the wall for its glorious future, that in time the small loan business will become one of the largest, most popular and best recognized industries in our business world? We are succeeding and will continue to progress along the solid paths of fundamental building because we are sincerely giving a definite service of genuine help to more than 86 per cent of our countrymen. A well-served and satisfied borrower doesn't forget the lawful lender who helped him. In his way—whether loudly or quietly—he proclaims his satisfaction with the service of the lawful lender to all of his friends. He may not perform that act which all of us in the small loan business wish would happen, that of definitely recommending another borrower but he simply cannot help the thankfulness which he feels from communicating itself to others in one form or another. He proclaims the gospel of the lawful lender just as certainly as he would turn to that same lender again when in need.

For the general information of those of you who may not be entirely familiar with the purpose of the lawful lender under the small loan law, I will explain briefly that a lawful lender makes small loans in amounts up to and including $300 on the security of the borrower's house furniture which is left untouched in his home. The loan is made on the signature of husband and wife without further endorsers and runs from a period of one to twenty months, repayments being made to suit the convenience and income of the borrower; interest is charged at 3½ per cent per month on unpaid balances so that on the last month of the borrower's contract, the interest will only be paid on a very small sum. This interest charge has been arrived at after a period of research covering five years and an expense of several hundreds of thousands of dollars by the Russell Sage Foundation who recommended such interest rate as being most fair to borrower and at the same time permitting only a reasonable earning on the investment by the lender. Although it has been proved beyond further doubt that the vast majority of people are honest, there must still be allowed some small percentage for loss and this is covered by the general interest rate. There are no fines, fees or other charges and the borrower receives the full amount of the loan for which he applies. Most people borrow to pay pressing bills and keep their credit good in their communities, but there are many who borrow from a lawful lender to add to their savings for the purpose of making a first payment on a home or to assist needy relatives. Many classes of people avail themselves of the small loan business, ranging from the day laborer to the professional class and the incomes of the borrowers range all the way from $75 a month to $3,000 and $4,000 a year although the average earnings of the majority of the borrowers range from $100 to $200 a month.

The necessitous borrower finds in the lawful lender a friend who will respond to his financial troubles with practical help—such practical help being under the definite supervision of the state banking laws, which assures him of fair treatment and definite protection. He cannot go to the bank of his town because of the lack of proper security acceptable to banks and he is probably too proud to seek aid from his relatives or friends. Into this space comes the small loan business which actually serves more than 86 per cent of the people of this country. There has yet to be written a black mark against a lawful lender. They are scrupulous in observing the laws of their industry and are looking towards the future which they are building on their present helpful activities.

The lawful lender must be a man of more than normal intelligence, possessed of tact worthy of a diplomat and have an enormous amount of understanding and sympathy. His contacts with the borrowing public frequently reveal harrowing situations which are nearly always relieved. We have yet to hear of a lawful lender who has definitely turned away a case requiring financial assistance where its merits exceeded the security offered. Character, stability and reputation are far more weighty factors in the making of a small loan than the condition of the household goods taken as collateral.

The business of the small loan industry is one of the most interesting professions of which I know. It becomes as fascinating to a loan man as the newspaper business does to the genuine newspaper man. Its close contact with human nature at its best and worst is a never-ending source of interest and education. There are plenty of opportunities of advancement for the earnest worker, for after he starts as an investigator, he may rise to the position of manager after a period of training and experience. As the manager of an office, he has full authority for the granting of loans and becomes in actual fact, the confidant of hundreds of people of his city. His responsibilities, moral and financial, are worthy of being recorded in any book which attributes praise to the worthy. The small loan business is noted for its care of its employees. Insurance, education, opportunity for a transfer from one city to another, thus broadening a manager's experience and viewpoint, are common factors among the lawful lenders while the ever present thought of performing a daily humanitarian service is surprisingly large in its influence of attracting and retaining the affection of the average loan man for the small loan business.

To become engaged in the loan business to-day is to devote ones' self to one of the most interesting, fascinating, helpful and permanent professions in the world. Our understanding of the laws and regulations governing our business must be broad. Familiarity with every detail of the many varied departments of the business must be general and thorough. Our industry serves the merchants of a community in a very practical way through supplying money to individuals with which to pay their bills to merchants. Membership in and close contact with local Chambers of Commerce, Boards of Trade, Credit Men's Associations, Credit Exchange Bureaus and attending meetings of the National and State Industrial Lenders Association, as well as taking our part in the civic and charitable life of the community, all serve to establish the individual engaged in this business in an enviable business of trust and respect in his community. To-day, gentlemen, we can say to you with challenge and pride that we have fought for, and acquired our place recognized as worthy of the vital part we play in the economic life of our country.

RETAIL MERCHANTS BUREAU

I appeal to you again for assistance in helping start a ball rolling among the lenders throughout the country, as I know how useful the propaganda in the LENDERS NEWS has always been.

As Chairman of the Special Committee, "Retail Merchants Bureau," I have a plan that if every lender will interest himself personally to create contacts locally with the merchants of his town, it will be very helpful in creating a friendly and coöperative spirit between them. Our work is along the same lines and our problems in the loan business are no different than those of the merchants, because it is a credit business pure and simple.

It would be a burdensome task for me to appoint a committee in each city for the purpose of a closer contact and better understanding between lender and merchant and if you will, through the LENDERS NEWS, broadcast my desire for assistance in what I am striving to do, I know it will be helpful and in addition to that if you will write to the secretaries of the various state associations asking them to appoint a committee in each city where the lenders are interested, the purpose of which will be for that committeeman to secure the assistance of his local lending members to visit the merchants and offer to coöperate with them in the saving of bad accounts and the locating of skips. The merchants in return, will in all likelihood, be helpful to us along the same lines.

It will be possible for us in many instances, to save a merchant giving credit to a man who we know, from our records, to be already overloaded to the limit. In other cases we may find it possible, if a merchant is unable to collect a delinquent account, to make that delinquent a loan with which to pay off the merchant and we take the responsibility of collecting.

In the matter of skips, we may have a fund of information that will be helpful to him in locating a skip or we may have the desired information at that time, which should be passed to them.

The merchants in some localities, still feel that the lender is a man who must be closely watched and who has not yet reached the classification, from his point of view, to being entitled to his friendship and trust. This is because the merchant does not know the lender personally and I am sure the contact will be very valuable to both lender and merchant.

When these committees have made their contacts and have had actual experience of real helpfulness, I would like to have them write me about the concrete cases, which will be useful to me in making my report for the next convention of the national association.

Your coöperation and that of lenders generally throughout the country, will be very much appreciated.

Very truly yours,
ARTHUR L. WICK,
Chairman Special Committee.
1011 Chestnut Street, Room 621,
Philadelphia, Pa.

FACTS ABOUT PROVIDENCE

Providence, the Convention City!

This is the slogan that is being broadcasted throughout the length and breadth of the Country.

This is the lure that has attracted thousands to the city of Roger Williams during the past two years and is destined to attract thousands of others in the days to come.

Providence, true to the traditions of its founders, has followed the quiet, dignified conservative tenor of its way; happy in the satisfaction of praise well merited, of commendation justly earned.

But now, it has suddenly burst forth and presents to the world those attributes with which nature, history and literature have so richly endowed it.

Confident in its ability to make good its every claim, Providence appeals to the tourist to visit her shrines of religion education, industry and natural environment and with in all sincerity offers a cordial greeting and genuine hospitality of the generations of men and women who have made New England famous.

Providence has been selected as the place for the 1925 Convention of the American I. L. Assn. and is even now making the necessary preparations incident to the visitation of the members who, it is expected will embrace this opportunity to combine business with pleasure; get into the real atmosphere of old New England and become better acquainted with the members of the business they represent.

Providence, as a convention city, is a positively assured success and already several large gatherings—commercial, industrial, religious, philanthropic and fraternal—have been housed, feted and entertained. Many leaders in industry have, by the convention route been brought for the first time to Providence. Many others who have in the past made short business trips here are given their opportunity by a longer stay to know what Providence stands for in its industrial activities, in its social life and its historic associations. Neither from the standpoint of immediate and material gain can here be any doubt as to the importance of the Convention to those who attend.

Providence was founded in 1636 and was incorporated as a city in 1832. Like Rome it was built on seven hills—Tockwotton Prospect, Constitution, Smith, Federal, Christian and Willard. The first Mayor was Samuel W. Bridgham who served from June, 1832, to Dec. 3, 1840, dying in office. Since then there have been 24 Mayors, the present incumbent Joseph H. Gainer, having been in office since January, 1913.

The members of the American I. L. Assn. who assemble here for the Convention in 1925 have much to see that is of historic importance. New England is rich in this respect and offers attractions of surpassing beauty and interest. In these days of the automobile and trolley car, distances between points of interest cease to be great or prohibitive. Within easy reach of Providence are to be found world-famed Newport and Narragansett Pier, where nature and wealth have combined to bring forth beauty and where society makes its Summer capitol. The Atlantic Ocean is at Rhode Island's front door, sweeping miles of its coast and affording bathing beaches that are unexcelled, and in the parlance of the day we exclaim, "The water is fine—come in." There is nothing so exhilarating as a dip in old ocean on a hard sandy beach with the surf breaking musically over it.

At no great distance from the seat of the convention—scarcely more than a couple of hours drive by auto through a delightful country with ever-changing scenery—is historic Plymouth where the Mayflower landed that intrepid band of Pilgrims who laid the foundation of an enduring State; and Cape Cod, Martha's vineyard and Naturkcet, wind swept and ocean beaten but quaint, picturesque and restful. Boston, "the hub of the universe," only 45 miles from Providence, has an allurement all its own, appealing to every American who has an interest in the beginnings of our National life. Here patriotism's fires burned brightly; here the hallowed places have been preserved as nowhere else in America, and on every hand are to be seen the memorials of the heroic past—Fanueil Hall, the old South Church, Bunker Hill Monument, Harvard University—beacon lights in the country's history.

Providence is the shrine of religious tolerance, and the visitors, as they go about the city, will see many places and things with which Roger Williams the Apostle of Soul Liberty, was intimately associated.

This flight of Roger Williams was 29 years after the first English settlement was established at Jamestown, Va., where the immigrants either toiled ceaselessly on land that was not their own, and produced crops for the benefit of others, or went without provisions from the common storehouse. Roger Williams and his band of living companions acquired land from the Indians. Passing over the period of the King Philip War which resulted in the disintegration of the great Narragansett tribe, for the visitors will not have the time in which to inspect the scene of the great Swamp Fight near Kingstown or to run over to Mount Hope, King Philip's stronghold, reference is now made to the part Rhode Island took in making the early history of our nation.

It was in Narragansett Bay that the first blood was shed in the war of the Revolution in an encounter between the citizens and an invading force. This was when the British revenue schooner "Gaspee" was burned by patriots, who, hearing that the much-hated "Gaspee" was aground on a sand bar some 10 miles down Narragansett Bay and must lie there until the rising tide floated her off, rowed down the bay after dark and fired the ship. That was on the night of June 10, 1772, the old Sabin tavern in which the conspirators met has long since been torn down but there are numerous other interesting historic buildings yet to be seen.

Boston had her celebrated "Tea party" Dec. 16, 1773, but Providence had one of her own, burning tea in Market Square, March 2, 1775. At little more than a month later came the uprising and the battle of Lexington, and the colony had 1,000 militiamen ready to start for the seat of war as soon as the information arrived here that the red-coats had opened fire upon their Massachusetts brethren.

June 15, 1775, the first actual naval engagement of the Revolution was fought in Narragansett Bay between a colonial sloop commanded by Captain Abraham Whipple and a tender of the British frigate "Rose" the tender being chased on the Conimicut shore and captured, about a mile below where the charred wreck of the "Gaspee" marked the encounter Captain Whipple had had two years before.

That same month General Nathanael Greene of Potowamut County, R. I., was chosen Brigadier General and made Major General by the Congress, and throughout the Revolution he was Washington's closest and most trusted officer, ranking next to the great commander-in-chief. Also in that year, Nov. 5, 1775, the Congress appointed Esek Hopkins of Providence as the first commander-in-chief of the Continental fleet with the rank of Commodore.

General Washington visited Providence in April, 1778, and so aroused the patriotism of the people that on May 4, two months before the signing of the Declaration of Independence at Philadelphia, the Colonial General Assembly of Rhode Island formally renounced allegiance to Great Britain. That action made the old State House still standing on Benefit Street, a permanent shrine of Liberty.

To the east of the ancient while church known as the First Baptist Church, is the brick building occupied by the Supreme Court of Rhode Island, built in 1842 and successively used as the Providence High School, the State Normal School, Rhode Island College of Pharmacy and now as a court house.

Then, at the corner of Benefit and College Streets, is the Providence County Court House, erected in 1877, and considered one of the most elegant buildings in its architectural proportions, design and finish in New England. And opposite this is the Providence Athenæum, rich in possession of historic portraits and literature. A short distance along Benefit Street to the south, is the George L. Shepley Library which contains a collection of rare finds and exhibits.

Next the visitor should climb College Hill to inspect the grounds and buildings of Brown University. It was originally known as the Rhode Island College and was incorporated in 1764. The oldest building on the campus is University Hall, which the British Troops appropriated as barracks and where the French troops, under Count Rochambeau, were quartered. Opposite the University is the beautiful John Hay Library. Across the middle campus is the John Carter Brown Library.

There are a hundred and one reasons why the visitor ought to take a whole day off and stroll about the East Side and inspect many of the singularly beautiful strictly Colonial houses that are in perfect state of preservation—some of them palatial mansions erected by merchant princes who were owners of fleets of big vessels that plied between the Port of Providence and the leading ones of China, Russia and the East and West Indies, bringing home great cargoes that added immensely to the wealth already accumulated. In other houses more humble in aspect and surroundings, yet the homes of the well-to-do people of the 18th century are perfectly splendid examples of highly prized Colonial doorways.

But it is not alone on the East Side that the visitor will find points of interest, although that is the original section of the city. There is hardly any direction in which one may turn that he will fail to find something out of the ordinary and consequently interesting. At Market Square as the "Great Bridge" is called, and where there has been a bridge since before 1773, is the Chamber of Commerce building, originally the Town Hall and public market of Providence. It was erected in 1773 on funds obtained from an authorized lottery, which was a favorite way of financing public projects in Providence in colony days, and everybody willingly took a chance of winning the capital prize. The Great Bridge was obtained in that way and so was the First Baptist Meeting House, on North Main St.

An attempt to establish a market house on a lot at the east end of Weybosset bridge, as the Great Bridge officially came to be known, was begun in 1758, but from various causes it was not carried into successful effect until 1773, when the necessary preliminaries of discussion, various town votes, grants, and a lottery scheme, having been gone throughout the first stone of the structure was laid on the 11th day of June. The building was of brick, 40 feet wide by 80 feet long, and two stories high. The lower story was used as a market, while the second story was divided into offices for the various officers of the town. In 1797 the town granted permission to St. Johns Lodge No. 1 of Free Masons to erect a third story upon the building and this, arranged by the Grand Lodge of Rhode Island on St. John the Evangelists's Day, Dec. 27, 1797. This date is memorable as marking the dedication of the first Masonic Hall in Rhode Island. In this Hall St. Johns Commandery of Knights Templar was constituted in 1802. The building, with slight alterations on its eastern end still stands on its original site and is now occupied by the Providence Chamber of Commerce.

After an occupancy of about half a century the city, in accordance with the agreement entered into at the time that the permission was granted, acquired from the Masons their hall and devoted it to municipal purposes. The building was the centre of municipal activities until removal as made to the present edifice in November, 1878. The old "Market Building" was then leased to the Providence Board of Trade, now the Chamber of Commerce. The site of the present City Hall, at the west end of Exchange Pl., was purchased by the city on April 22, 1854, but it was not until March 26, 1874, that the city council appointed a committee to proceed with the erection of a new building. The corner-stone was laid June 24, 1875, and the dedication occurred Nov. 14, 1878. The building is of Westerly and New Hampshire granite and was originally three stories in height with basement and mansard roof. In 1814, the building having been out grown, extensive alterations were begun and a forth story added.

Across Washington St. from the new City Hall is the new Providence—Biltmore Hotel, where the sessions of the American Industrial Lenders Convention are to be held. To the north of this is the Union Station, completed in 1899 on site formerly occupied by the Cove Basin, a mile in circumference. It consists of a long, low series of buildings of plain but dignified architecture harmonizing admirably with their surroundings. It is regarded by railroad engineers as one of the best combinations of double terminal and through station in existence, and as one of the best operating stations in the country. The traveler approaching Providence by train arrives at the Union Station and proceeds outwards by either of the subways or by the main entrance. He finds himself facing south upon a great plaza in the very centre of the city. A noted Boston architect recently said: "Providence has taken advantage of an opportunity to create a beautiful Civic Centre such as any city in the world might envy, and it has been the first of the large cities to achieve results along the lines to which so much modern thought is being given." The city has set aside for itself land valued at more than $3,000,000 and has converted it into a fine square, making a railroad entrance unsurpassed in America.

This first realization of modern "Civic Centre" idea in America is a long rectangular plaza that formerly, like most of the present business district of Providence, was covered by tide water. It is adorned with a mall and around this area many of the notable public buildings are placed. In addition to the City Hall, Biltmore Hotel and Union Station, there are the Federal building, Central Fire Station, Butler's Exchange, Industrial Trust and Rhode Island Hospital Trust buildings.

But the Civic Centre of Providence has not yet been completed, as the plan contemplates equal improvements to the north of the Union Station. As soon as the freight yards have been moved away from the very dooryard of the Capitol, the city and State with the railroad, have in view great things in the way of transformation. The freight yards will, as soon as the new yards are completed far to the north of the present location, give way to public gardens.

Over beyond is the gentle eminence of Capitol Hill. The left stands the Rhode Island College of Education, formerly the State Normal, in a beautiful garden, where once were ugly foundries and the old State Prison. Almost on a line with the College of Education is the attractive library building of the Rhode Island Medical Society and above this is the group of dwellings that in a few months are to be razed to give place to the proposed new Masonic Temple and Auditorium to cost $1,5000,000.

On the opposite side of Francis St. the land has been swept clear of a motley collection of ramshackle rookeries and dilapidated tenement houses within a few years and the massive State House rears its classic marble portico and its great dome towards the sky. A happy harmonizing of dignified lines and exquisite detail is this building of the Commonwealth—one of the noble buildings of America and an everlasting joy to all who look upon it.

Above the plaza upon the east rises the varied sky line of Prospect Hill, with its rich Summer foliage obscuring all but the highest roofs and the gradeful spires of the "aristocratic section" and crowned by interesting buildings of the old university, while conspicuously silhouetted against the sky, high above the tree tops, is the ornate dome of the Christian Science Church.

Over on Meeting St. is to be seen the first free school erected in Providence in 1768. It is the oldest public school building in America, and it has been in continous use all these years. To its glory is added the distinction of being the first open-air school for tuberculosis children in America, its use for that purpose dating from 1908.

The visitor will probably be not a little surprised when informed that in the heart of the retail district of Providence is a business building unlike any erected in any other part of the country—the Arcade building built in 1828, in the form of an Ionic Greek temple. Its immense stone columns, three feet in diameter and 27 feet in length, the largest monoliths in America excepting those of the Cathedral of St. John the Divine, in New York, were each cut from solid granite taken from a quarry in North Providence and conveyed to this city on great slings mounted on tremendous wheels purposely constructed for the undertaking, the hubs of which were as large as flour barrels. Particular attention is called to the hanging stairways at either end of the Arcade. They are apparently without any support, yet each step is so locked into its fellow that the stairs are as rigid as though made in one piece of cast steel.

Providence is particularly proud of its new State House, the marble dome of which is the largest one made exclusively of that material in this country, and is surpassed in this respect only by the dome of St. Peter's at Rome. The city is also proud of its front gateway, the civic centre at Exchange Pl., for there is no other city in the world which has so large and so attractive a one as ours.

There may be among the visitors those who enjoy looking over State Armories. If so, it might not be amiss to say that the drill shed of our big Cranston St. armory is the largest similar hall in New England while the Mounted Commands have a fine building on N. Main Street just at the city line to Pawtucket. Some may be interested in institutional work, and to such there is recommended an inspection of the Dexter Asylum property in the heart of the finest residential section of Providence, on Hope street, and valued in excess of $1,000,000 which can never be used for any other purpose than that of affording shelter to the poor of the city whose forebears were real estate taxpayers and bona fide settled inhabitants of this community. When Ebenezeer Knight Dexter bequeathed this "stone Farm" to the city for poor house used it was "way out in the country," as was the Dexter Training Ground on the west side of the city, likewise a gift from him, which also has a value greater than $1,000,000 and must forever be held as a field for military manœuvres.

As a manufacturing centre, Rhode Island ranks among the foremost in the country; the manufacture of woolen, cotton, silk and other textile fabrics form the most extensive industry. The annual output of woolen and worsted goods under normal conditions represents in the aggregate of value approximately $75,000,000, requiring more than $40,000,000 of raw material and furnishing employment for more than 30,000 operatives. With establishment by Samuel Slater at Pawtucket in 1790 of the first successful cotton factory in America, Rhode Island immediately took front rank in this industry, and almost from its inception the State has been among the leading cotton manufacturing commonwealths, with extensive plants scattered throughout its length and breadth, and along the banks of the Pawtuxet and Blackstone rivers and their affluents are numerous villages where the cotton mill furnishes the principal support of the residents.

The total number of cotton spindles according to the reports of 1922 is more than 2,750,000, producing millions of yards of cotton goods, mostly of the finer grades, having an estimated valuation of $60,000,000 and consuming about $37,500,000 worth of raw material. There are upwards of 35,000 men, women and children in Rhode Island who receive employment from the more than 150 plants.

The jewelry industry is of the next importance, when considered as a State product, but a leader in the industrial life of Providence second to none. While handicraft or hand-wrought jewelry and silverware were produced in this country from the earliest days of the colonies, to Providence unquestionably belongs the credit for the establishment of the manufacturing jewelry industry along the lines that have developed it into the great factor it has become in the industrial life of the city.

In 1794, two brothers—Nehemiah and Seril Dodge—who had manufactured by hand, buckles, tableware, ornaments, etc., in gold and silver for a number of years, began manufacturing jewelry to be sold by others. They were located in a small building on North Main Street, near the corner of Steeple Street and not far below the spring where Roger Williams erected his original home in the colony.

From this humble beginning has developed the industry that is now the third largest in the city's diversified list, including upwards of 300 concerns, many of which own and occupy their own specially constructed and equipped factory buildings. To such an extent has the small beginnings of the Dodges expanded that Providence stands at the head of the Jewelry producing communities, not only of this country but of the world.

It is interesting to note that as the manufacturing jewelry industry grew, there became an increasing demand for cheaper grades, and to Thomas H. Lowe, of Providence, an Englishman, must be accorded the credit or originating rolled or "sweat" plate in its present form and method of manufacture in this country. This was in 1850 and the three-quarters of a century that has passed, although many improvements in machinery have been effected, the general method of manufacture has never been successfully deviated from.

In the jewelry factories of Providence and the Attleboros all classes of goods are produced, from the finest designs in platinum and gold embellished with diamonds and gems, to the cheapest lines of "shaded" goods that are made by the ton and retailed over the five and ten cent counters. While about 50 of the more than 300 concerns employ less than 25 hands, the remainder of the firms engaged in this industry employ from 25 to more than 1,000 persons, with a total average employment in normal seasons of approximately 20,000 males and females. These have an estimated average yearly wage of more than $900 for the entire industry. The individual diem working wage, although considerably higher than in any other industry, suffers through the medium of lost time that materially lessons the yearly total.

For a great many years the jewelry district of Providence, which had worked its way from the centre at N. Main and Steeple Streets to the west side of the river, was practically bounded by Weybosset, Dorrance, Ship and Chestnut Sts., in which section were a number of buildings of three, four and even five stories that were almost entirely occupied by manufacturing jewelry plants and coordinate business. One of the oldest of these, the Richardson-Hicks building, corner of Page and Friendship Sts., is still standing and generally occupied by jewelers. It was originally built about 1835 for other purposes but gradually became the home of jewelry concerns.

The first big jewelry building in this country to be built for the exclusive use as a manufacturing jewelry centre was the Fitz Gerald block on Eddy St., extending from Friendship to Clifford Sts., erected by the late Michael Fitz Gerald in 1879 and still occupied by jewelers. But the largest of all, anywhere, is that which was erected by the manufacturing jewelry concern of Kent & Stanley on Aborn, Sabin and Beverly Sts., The site selected for the enterprise was then thought to be so far removed from the jewelry centre that it did not appeal to the trade, and for a while was a failure, and Kent & Stanley went to the wall. But to-day as the Manufacturers' building it is a humming hive of the jewelry industry. Within the past decade a large number of jewelry buildings have been erected, the jewelry district has expanded into every section, south and west, and many concerns have erected buildings especially for their own business.

The silverware industry, which is closely identified and often co-ordinated with the manufacture of jewelry, is very important and contributes materially to the volume and value of the activities connected with the working of precious metals and their alloys. Here again great credit is due to a Providence man as a pioneer in laying the foundation of a great business factor, and the name of Jabez Gorham must always stand high on the roll of fame in everything that pertains to silversmithing in this country. In 1831 he began in this city the manufacture of silver spoons, thimbles and a few other articles in that line. Six years later, as business steadily increased, he took his son John into partnership with him, the style of the small but energetic firm becoming Jabez Gorham & Son. This was the birth of the present immense establishment, occupied in 1890, consisting of a fine group of buildings on a property in Elmwood embracing about thirty acres, the largest silverware concern in existence and known the world over—The Gorham Mfg. Co.

Besides working in silver, the Gorham Co. makes artistic bronze office and house furnishings and every variety of architectural bronze work. From its foundry have come many heroic-sized statues and groups erected in various parts of the country as war and other memorials. Many of the World War bronze tablets in town and municipal buildings, shops and industrial plants commemorating the service of citizens and of employes were made by this concern.

There are nearly a score of other firms, large and small, engaged in silversmithing, with upwards of 2,500 employes. Other allied or coördinate branches, including refining, engraving, chasing and engine-turning, enamelling and electroplating establishments, etc., increase the total number of persons dependent upon the jewelry industry as actual workers to approximately 25,000. The total capital invested in all the varied branches of this industry is $50,000,000 and the value of the products for the average normal year is estimated at about $60,000,000.

The story of the port of Providence reads like the unfolding of a romance, the first chapter of which was written as early as 1652, only sixteen years after Roger Williams settled here. Privateering was begun by Providence shipowners as early as 1649 and in 1652 John Smith established the exporting trade by sending tobacco, flour and peas to Newfoundland, the return cargo apparently consisting largely of liquor. As a natural sequence of this exportation and importation business, local ship building was inspired and for more than a century Providence maintained its preëminence as one of the leading maritime centres of America.

A person coming to Providence by water or making a trip up or down the beautiful Narragansett Bay is struck by the great number of big oil tanks and the coal pockets that dot its banks. These form the principal activities of the port, Providence for many years having been the principal coal distributing port of New England, and is now rapidly developing its oil distribution.

Some years ago the Standard Oil Company recognizing the possibilities of Narragansett Bay as a great oil distributing centre, obtained a footing on the east side about five miles south of the city and now owns several square miles of land, with a large group of buildings and is erecting others that will constitute an oil city that is rapidly becoming the first in importance on the Atlantic seaboard. It has already spent upwards of $10,000,000 in development work, building its ship terminals, pipe lines, refineries and chemical works in the Riverside section of East Providence where kerosene, vaseline, lubricants and by-products are being made on a huge scale.

In addition to the Standard Oil Co. the Mexical Petroleum Corporation, or the Mexpet Company, more familiarly called, the Texas and the Gulf Refining Company, all have extensive plants and are continually increasing them. During the year 1922 there were nearly 10,000,000 barrels of oil brought into this port by these four concerns. Last year there were more than 1,750,000 tons of coal landed in this port, notwithstanding the general embargo there was on this commodity. Within the last year this city has taken an active hand in the development of a lumber port and at present one concern is shipping lumber into Providence from Oregon, via the Panama Canal, at the rate of at least two cargoes a month that average nearly 1,500,000 feet per shipment. This will rapidly bring Providence to the forefront as a lumber port and materially increase its annual receipts which, during 1922, amounted to more than 13,813,000 square feet.

The Rhode Island School of Design began its existence in 1877 when the women comprising the Rhode Island committee of the Centennial Exposition voted to appropriate their surplus, amounting to $1,675 for the founding of the school. The main building on Waterman St. contains the Museum, administrative offices, library, rooms for the departments of drawing, decorative design and architecture, and a students' social room. Memorial Hall on Benefit St. contains rooms for the department of sculpture and other classrooms and a large hall seating 800 persons. The Mechanical building, off Market Square, is occupied by classrooms of the mechanical department and the machine shop. The Jesse Metcalf Memorial building, on North Main St., contains the department of textile design and laboratories of textile chemistry and dyeing. The Jewelry building, on North Main Street, at the entrance to the East Side tunnel is the latest addition to the group of buildings and contains the department of jewelry and silversmithing. It is of reinforced concrete, four stories high, with a total floor space of 19,700 square feet, most carefully designed in every way for the purpose for which it is intended. The machinery equipment was chosen for its practical value and presented by the New England Manufacturing Jewelers' and Silversmiths' Association. Then there is the Pendleton House, most unique institution in that it houses an unequalled collection of colonial furnishings in a colonial-type dwelling built especially for it. The school had approximately 1,100 students enrolled on its books last year to receive instruction.

This article would be incomplete without reference being made to that world-famed production of this glorious State—The Rhode Island Clambake—a magnet that has a potency none can deny, causing the steps of all who come within the portals of "Little Rhody" in the Summer time to turn toward the common goal. Some, to whom the succulent bivalve and its accessories are already familiar, press confidently on with poorly concealed eagerness. Others advance with the air of hesitation which proclaims the neophyte. But to visit Rhode Island and not partake of at least one clambake would be to fly in the face of all established customs, rules, regulations and traditions. During the stay of the delegates to the American Industrial Lenders Convention opportunity will be afforded for a close acquaintanceship with this epicurean triumph, this honored rival of Rhode Island's equally famous contribution to national dietetics, the Thanksgiving turkey, the relish for which seems to increase rather than to diminish as it becomes more familiar.

The history of the clambake has never yet been written. To unfold in fitting terms its mysteries, to describe the successive steps through which perfection has at least been reached, requires a pen of more than ordinary ability.

"Mya arenaria" is the scientific name of the common "long clam" of Narragansett Bay. The "Long clam," or, as it is sometimes called the "soft clam," must not be confused with the quahaug or "round clam." The distinguishing feature of the "Long clam," aside from its shape and texture of shell, is the "siphon"—the native New Englander calls it "snout." Those who have not penetrated the secrets of the truly wonderful mechanism of the clam are often greatly puzzled when they attempt to extract it from its hard elongated shell. Upon nearly all the shores of New England the clam is found in abundance. Several times in the history of the Massachusetts and Rhode Island colonies, the white settlers would have perished but for this lavish food supply which nature had provided for them.

From the Indians the English learned the way in which the clam should be cooked. The Englishman tasted and pronounced them good, and upon the shores of the Narragansett the "clambake" has gradually been brought to its state of perfection that now gives it a place among coveted feasts. The making of a "bake" is an "art" that calls for professional directors, and the method followed is interesting to the visitor.

In the first place a rude floor of stones is laid, upon which a pile of ordinary "cordwood" is thrown. This is allowed to burn until the stones beneath begin to crack with the heat. The ashes are then carefully brushed away and a thin layer of sea-weed—the ordinary "rock weed," indigenous to the New England shore—is thrown upon the heated stones, and upon this carpet are spread the clams in a layer of uniform thickness. On top of these are placed baskets and pans of dressing, lobsters, potatoes, ears of green corn, fish rolled in corn husks, sausage and other edibles, according to the desires of those who are preparing the "bake" and over all a thick blanket of "rock-weed" is placed. Then a huge piece of canvas is covered over the whole and fastened down at the corners and sides so as to keep in all the steam and the fragrant pile is left to itself for about 40 minutes. The steaming vapors from the clams permeate the whole mass and impregnate everything with their rich odor. Then the "bake" is opened and the repast begins, and thousands of men would, any day, willingly leave the well-appointed table of the best hotel or club in the country to partake of this royal feast.

Territorially the smallest State in the Union, it has the longest name, the official designation being "State of Rhode Island and Providence Plantations." Until the new capitol was built in 1900 it also had two capital cities, Providence and Newport. But there was never any divided allegiance in the cause of loyalty or humanity and there is no divided allegiance in the expression of cordial welcome extended to the members and friends of the American Industrial Lenders Assn. Providence has thrown wide open its doors; the latch key has been cast away and the city will belong to the American Industrial Lenders of the country during their visit.

It remains for the lenders to avail themselves of the opportunity and partake of the feast of good things—social, industrial, historical and traditional. Down the long years of the development of the Union the watchword has been "Westward Ho!" But the lure is in the East and Providence is the magic lodestone.

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INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

VOL. IX, No. 8. FEBRUARY, 1925. Price $1.00 a year.

Here are two of the ads. which have appeared in *Chicago Commerce*:

TO EXECUTIVES

Just as the need for financial assistance arises in your own business so it occurs in the affairs of individuals—your own employees for instance.

You instinctively turn to your bank but not so your employees. The amount required is too small and there may be nothing to offer as collateral but personal property and a reputation for honesty and integrity.

We want executives to know that the individual members of this Association are organized to meet the needs of your employees requiring financial assistance in sums from $10 to $300. Every transaction is handled on a straightforward business basis by men of high standing in their community.

The entire business is under the supervision of the Department of Trade and Commerce of Illinois.

Get acquainted with one or more of the members of this Association so that employees requesting financial help can be directed to the one most conveniently located.

For list of members refer to Subdivision 55 (page 695) of your Chicago Association of Commerce Blue Book.

Illinois Industrial Lenders Association.

YOUR EMPLOYEES

—cannot possibly be as efficient when confronted with financial worries.

It frequently happens that $100 will satisfy all tradesmen pressing their claims.

But where to go for the $100 and not pay an exorbitant rate of interest has been a problem with many individuals.

They are in no position to go to a bank. That is why members of this association were organized—to meet this very need.

The great number of transactions we handle to the complete satisfaction of the borrowers testify to the urgent need of the business and its value to employers and business men in general.

We make it possible in time of emergencies for the individual to consolidate his obligations—and then make it easy for him to pay.

The business of each member is conducted by men of high standing in their respective communities and under the supervision of the Department of Trade and Commerce of Illinois.

Get acquainted with one or more of our members. The next time any of your employees ask you for money in any amount up to $300 you will know exactly what to do.

For list of members refer to Subdivision 55 (page 695) of your Chicago Association of Commerce Blue Book.

Illinois Industrial Lenders Association.

VIRGINIA

The Sixth Annual Meeting of the Virginia Industrial Lenders Association was Held at Richmond Hotel, Richmond, Virginia, January 15th, 1925.

The Business meeting was called to order by Chairman Pope at 11:00 A. M.

The secretary called the roll and the following members were present: Citizens Loan Society, of Norfolk; Empire Company, of Norfolk; National Small Loan Society, of Norfolk; Norfolk Security Co., of Norfolk; Atlantic Small Loan Co., of Norfolk; Norfolk Loan Society, of Norfolk; Citizens Loan Society, of Richmond; United Small Loan Corp., of Richmond; Beneficial Loan Society, of Richmond; Personal Small Loan Corp., of Richmond; Home Guarantee Co., of Richmond; Seaboard Security Co., of Richmond; Roanoke Loan Society, of Roanoke; Federal Security Co., of Lynchburg.

We also had with us Mr. V. D. Moss, of Philadelphia, Mr. E. P. East of Richmond, Mr. G. Hodson, of New York, Mr. Scott B. Appleby Jr., of Washington, D. C.; Mr. Frederick Fisher of New York, Mr. A. C. Christensen of Wilmington, Del. and Mr. Pumphrey of Baltimore.

Report of Committee

Secretary

Secretary Bray reported that at our last annual meeting we had 21 members. New members obtained last year 7, making a total of 28 members now. No resignations during the year and all memmembers dues paid up to date.

The new members obtained last year are Universal Small Loan Corp.; Standard Credit Co.; Seaboard Security Co.; Personal Small Loan Corp.; all of Richmond, Harris Investment Co.; Tidewater Small Loan Corp.; both of Norfolk and the Virginia Security Co. of Roanoke.

Treasurer

The Treasurer's report showed $341.78 on hand.

Mr. Bradshaw, Treasurer, requested an Audit of his books and the Chair appointed Messrs. Pumphrey, Christensen and Appleby as Auditing Committee and to make their report at the afternoon session.

Committee on Friendly Relations with Banking Officials

Mr. Pope, Chairman, told how Dr. Mueller our late National Chairman created this Committee and made Mr. Harbison, of Chicago, National Chairman of this committee.

Mr. Pope, said our relations with the Banking Officials in this State were most cordial and that they had expressed themselves very well satisfied with the spirit we had always shown in coöperating with them.

Communications

Letters were read by the Secretary from Mr. Aufderheide, our National Chairman and Mr. Kehr, National Secretary, regretting they were unable to attend at this time but hoped to have the pleasure to attend at some future date.

Mr. Kehr also asked the Virginia Association members to pay their dues to the National Association at the rate of $1.00 a thousand on their average loan balance or the maximum dues as this was in line with the resolution adopted at the National Convention at Baltimore. After some discussion, every member was urged to do this to show our appreciation for what the American Association had done for us in 1924.

THE LIBRARY OF THE FEB 27 1925 UNIVERSITY OF ILLINOIS

Nomination and Election of Officers

Mr. Pope submitted the application of the Virginia Small Loan Corp. of Richmond. They were unanimously elected.

Recess until 2:30 p. m.

Mr. Moss submitted the resignation of the National Small Loan Service of Richmond as they had gone out of business.

Mr. Christensen submitted the resignation of the Richmond Small Loan Society of Richmond as they had gone out of business.

Both resignations were accepted.

Mr. Bradshaw submitted the resignation of the Tidewater Small Loan Corp., of Norfolk. At the suggestion of Mr. East it was decided to hold this over until our next meeting to see if we couldn't induce this company to change their decision.

Mr. C. S. Phillips read a paper on Publicity; Mr. J. J. Price read a paper on Coöperation; Mr. C. R. Porter read a paper on Credits and Collections.

A vote of thanks was tended to these gentlemen and the secretary was ordered to have copies of these printed and send out with the minutes.

Uniform Papers

After considerable discussion each office agreed to send the secretary a complete set of the papers they used in making

INDUSTRIAL LENDERS NEWS

Established 1916.

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.
N. J.—S. H. Vogel, American Mechanics' Bldg., Trenton.
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.
R. I.—G. E. Rich, 26 High St., Pawtucket.
Va.—E. P. East, 601 Grace-American Bldg., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, W. M. Snow, 465 Congress St., Portland, Me.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 1011 Chestnut St., Philadelphia, Pa.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, G. Hodson, 135 Broadway, New York City.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—Chas. Dehnert, 252 K. P. Bldg., Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. J.—P. L. Alberse, Romaine Bldg., Paterson.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 1011 Chestnut St., Philadelphia.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

loans and for him to forward them on to the Executive Commitee. The Executive Committee was instructed to get information regarding the strong and weak points in these papers and draw up a set with the best features in them and report at our next meeting.

Mr. Pumphrey, Chairman, of the Auditing Committee reported that the committee had audited the treasurers books and found them correct. Upon motion of Mr. Hillsman seconded by Mr. Edge, the report was accepted.

Nomination of Officers

Mr. Moss, Chairman of the Nomination Committee submitted the following names to be members of the Executive Committee, viz: J. J. Price, W. Appleby, F. Bray, L. E. Pope, E. P. East, A. C. Christensen and W. F. Bradshaw with the recommendation that L. E. Pope, be chairman of the Executive Committee, J. J. Price, chairman; W. Appleby, Vice Chairman, F. Bray, secretary; and W. F. Bradshaw, treasurer.

Mr. G. Hodson, nominated Mr. E. P. East for chairman and spoke highly of his services to the Association in the past.

There being no further nominations, Mr. A. A. Christensen took the Chair. Upon vote, M. E. P. East was elected chairman. Mr. East took the Chair and spoke of the good work our retiring chairman, Mr. Pope had done for the Association. A rising vote of thanks was given Mr. Pope.

At the request of Mr. W. Appleby, his name was withdrawn for Vice Chairman and Mr. J. J. Price was nominated for Vice Chairman, and he was unanimously elected. There being no other candidates for the other offices, F. Bray was elected secretary. W. F. Bradshaw, treasurer, and Mr. L. E. Pope, chairman of the Executive Committee.

The Chair appointed Mr. V. D. Moss, chairman of the Legislative Committee. Mr. A. C. Christensen, Chairman of the Membership Committee, Mr. C. S. Phillips, chairman of Publicity and Mr. W. P. Appleby, chairman of the Auditing Committee.

At the suggestion of Mr. Moss, it was decided to have a Grievance Committee, so that any members who had any complaint to make could take this up with this Committee and we have a report at our regular meeting.

Mr. Bray nominated Mr. L. E. Pope as chairman of the committee Mr. Phillips seconded the nomination and Mr. Pope was unanimously elected.

Mr. G. Hodson nominated Mr. E. P. East as chairman of the Friendly Relations Committee with Banking Officials. Mr. Bray seconded the nomination, Mr. East was unanimously elected.

Mr. Pope suggested that we have two papers prepared by members and these to be read at our next meeting. This was agreed upon and it was left to the chairman and secretary to choose the members and subjects.

Mr. Pope, brought up the subject of holding our meeting every two months instead of every three months. This was unanimously adopted.

It was decided to hold our next meeting in Norfolk, Thursday, March 19th. The Chair nominated F. Bray and W. F. Bradshaw to act as Entertainment Committee.

The Chair notified the members of the illness of Mr. Clarence Hodson, Pres. of the Beneficial Loan System of New York, by a rising vote the members expressed their sympathy for Mr. Hodson and the secretary was instructed to write a letter of condolence to Mr. Hodson.

There being no further business to transact the meeting adjourned.

The Banquet was held at 6:30 P. M. at the Richmond Hotel in the Roof Garden and the members thoroughly enjoyed themselves. The principal speakers were Senator T. Gray Haddon, Myron E. Bristow, Chief Banking Examiner, W. Sam Burnley, Assistant Banking Examiner, Oscar L. Shewmake, former member of the State Corporation Commission, J. Vaughan Gary, former chief Council for State Tax Board and Colonel John W. Saunders, Attorney General of Virginia.

A colored Jazz Orchestra supplied concert and dance music and vocal selections were rendered by the Polk Miller quartette. Frank Bray, *Secretary.*

CREDITS AND COLLECTIONS

Read at the Sixth Annual meeting of Virginia Industrial Lenders Association, January 15th, 1925. By C. R. Porter.

If you will take one moment and consider those two words, credits and collections, you will at once realize the enormous place they take in the commercial world to-day. There are about five billion dollars in actual circulation, yet it is estimated that seven hundred billion dollars worth of business is transacted in a year. This shows us in a concrete way the place that credits and collections take in our financial system.

To get down to our own business, we find it is wholly a business of credits and collections. It is the extension of credit in the form of new loans that expands our business and it is the efficiency in collections that keep our accounts good and this in turn produces the ultimate aim of any business namely profit.

For a moment, let us direct our attention to the credit side of this subject. We are daily passing upon applications and granting credit. What is it in each applicant that we try to learn, that we might grant him the credit he desires? I am convinced that regardless of the method of procedure with an application, we try to learn as much of a man's chaacter as possible, and it is what we learn of his character that prompts us to grant him credit or refuse it. A man may have all kinds of personal property he may even have a comfortable income, but if his reputation is that of a poor pay, or even further than that, if his character is undesirable, we are not going to grant him credit. These following facts will be found to be helpful in determining a man's character. If he commands the respect of his fellows, he invariably has a good measure of self-respect. If he has a good job and is a steady worker, he usually has an ambition to forge ahead. If he is a good provider for his family and gives them the necessities and luries of life according to his income, he is generally found to be honest and reliable.

If in looking up an application we find these characteristics in an applicant, we can be positive that his is a man of character and a good credit risk.

The general reputation of parties to a transaction is also an important element of credit. If a seeker of credit has a poor reputation for paying his bills, or has the reputation of dissipating, or of neglecting his home or business, he is generally one of low moral character and thus a poor credit risk. Circumstances may cause a man to have a poor reputation temporarily, but actually be a man of good character. On the other hand that small percentage of deliberate dead beats generally manage to work up a temporary good reputation and have practically no character. So we might sum up all that has been said in these words ‘Character is the basis of all Credit.”

After granting credit, it is our duty to our customers as well as to ourselves, to be efficient in collections. It has been found that the public can be educated to follow various different paths and ideas and it is our task to educate our customers to prompt pay from the start. I believe that this can best be accomplished from the very first payment not paid on the day due. They should be politely but forcibly reminded that they are overdue and advised that their payment is due on a certain date and encouraged to meet their next payment on the date due. This will impress on them the fact that being a few days overdue is not satisfactory and will help produce prompt payments. With the very closest possible attention to overdue accounts we cannot hope to have all accounts up to date. Slow accounts will creep in even after the best possible look up. I believe that form letters on accounts only a short time overdue are satisfactory, but where these do not bring results, more thought has to be given to the wording of each letter that it might fit the conditions in the case. Make a personal case of each slow account. First, ask yourselves the question, “What makes us pay our bills?” There are probably three answers; our honesty, our pride, our desire to keep our credit good. If this is true, what about the other fellow? Get a personal knowledge of his conditions and then handle him in such a way that if you were in his peace, it would make us pay. A careful study of accounts in this way brings them into line again.

A reliable survey of the books of thousands of merchants throughout the country, shows that 99.44% of the people are honest. To analyze the P. & L. accounts of the country you will find that it is not the dead beat that causes the largest percentage of P. & L. accounts. It is the man or woman who have allowed themselves to get so far into debt that they loose hope of getting out. Domestic trouble, divorce, sickness and loss of positions are all factors in making uncollectable accounts.

COOPERATION

Read at the Sixth Annual Meeting of the Virginia Industrial Lenders Association on January 15th, 1925. By J. J. Price.

In view of the fact that the subject assigned me “Coöperation” has been covered so thoroughly and from such a broad angle in a previous writing of my friend of your city, Mr. J. Stanford Edge. I have elected to confine this article to suggestions on *Why* and *How* “Coöperate,” with possibly a little constructive criticism here and there.

It is the very nature of man to “Coöperate.” God made man in the plural in order that he might help one another “the act of coöperation,” the result of which is the many marvelous things that man is doing to-day. Let us think what it would mean to be alone in this big world of ours as it is to-day. I can imagine I had rather be dead. Then, if being alone could produce this extreme punishment isn't it to be reasoned that we were created to be of help to our fellow man and isn't it true that the greatest happiness we have is making some one else happy. We have chosen, for our part in making this world great, the Small Loan Business. Other of our brethren have chosen other lines, and but for the coöperation we extend each other none could exist.

My idea of coöperation can best be explained by comparing man with the tooth of a great cog-wheel by which the machinery of the business world is driven. Just as long as every tooth in the wheel remains normal and does its individual part, the machine operates perfectly, but when any one tooth becomes worn or in any way refuses to function perfectly, then the whole machine is impaired. The others may be perfect and try their utmost, but it is impossible for them to run the machine smooth, there will be a jerk and a noise every time the wheel gets around to this obstructing tooth.

Is every tooth in the wheel of this Association functioning perfectly? Pulling its part of the load? If not we should not be surprised if our Association fails to run smooth.

It has been said “Every man owes some of his time to the uplifting of the profession to which he belongs.” This being true, we have a right to ask every man, firm or corporation in the Loan Business in our State to give us of their time as our Association was the agency that lifted the business to its present standing, and by which we expect, (with the coöperation of all members), to continue the upward trend until we assume a point equal with, if not above other lines of business. This, Fellow Lenders, will require perfect coöperation of every member and systematic advertising, which if I may be permitted to suggest, must be done by the Individual Members through contact with the different Commercial Organizations of their respective cities.

I am prone to believe that we are all to dilatory in our consideration of the importance of a membership in and regular attendance of the meetings of these organizations. I have only recently realized that by association with those organizations which are, because of their misunderstanding, prejudiced against our business we gain the opportunity to present our case in our own way and by continued effort, overcome the opposition and make a friend for our cause. I know of no better way to advance our cause than by association with and attendance of these bodies.

According to Mr. Webster, Coöperation means working jointly together, then to be able to coöperate it is necessary that we get together and, I am inclined to believe that the lack of coöperation is caused more by failure to get together than any other one thing. For instance, you will find in this and all other organizations, men who sit by and allow business of importance transacted without a word of opposition. Yet, if it doesn't go just to their notion, they are up in arms with those who were instrumental in getting it through. Gentlemen, this is your association and you should no more allow any thing done in its meetings which according to your ideas is not right, than you would in your home. It is your duty to insist on things being done right.

I believe we have the clearing-house system in all the cities, now, and my writing would not be complete if I failed to include a few suggestions concerning this branch of the business.

There is no place that the members of each city can help each other and the business in general more than through the clearing house. A few minutes time to explain each case to the company inquiring if honestly done, will save much time and possibly money. The motto for this branch should be “Do unto others as you would have others do unto you.” Ordinarily, there is business enough for all and by coöperating properly, we can reduce expenses for each other.

We have had in our association members who for the sake of appearing great or in other words who wanted their customers and those applying to think they were the God of the Business, would resort to unfair methods, such as accusing the other companies in their city of being crooks, and charging too much interest, of being of no consequence because only just a small company, etc. I want to say that this is the most dangerous thing that could be done. Each applicant has, regardless of how poor or how much we may think of him of no consequence, friends that have influence with the legislation of his district and when you abuse your neighbor company, you are molding public sentiment against them and the business in general, by the law of majority rule. In my opinion, this is our strongest opposition to-day. With public sentiment against us (the result of our own activities), and the personal desire of the legislator to get even with us or refusing to make some of his supporters a loan or forcing collection of a long overdue account against him, we have before us a proposition, “self inflicted,” which will require the perfect coöperation of every member.

My suggestion for the improvement of the opinion thus formed would be to answer all questions asked concerning another company by stating we are all members of the same association and that, furthermore, our company doesn't allow us to discuss other peoples' affairs.

“There is so much good in the worst of us and so much bad in the best of us, it hardly becomes any of us to speak ill of the rest of us.”

NATIONAL BANKS EARN 29.38 PER CENT IN 1924

Philadelphia Institutions' Deposits Increased $74,070,270—Average Book Value of Stock was $365

Philadelphia national banks had fairly prosperous business last year, despite the fact that for eight months there was a plethora of lendable funds, which caused bankers generally to keep close watch on all interestbearing commercial accounts and at times resulted in scaling down the interest rates on such accounts.

For 1924 the thirty-two national banks

in this city earned 29.38 per cent on their consolidated capitals of $28,980,000. This compares with 31.65 per cent earned by thirty-one national banks, with consolidated capital of $26,680,000 in 1923. The percentage earned on the book value of their shares, however, was only 8.05 per cent. In 1923 it was 8.78 per cent.

AVERAGE BOOK VALUE $365

Earnings for 1924 were $8,515,185, as compared with $8,912,577 in 1923. As of December 31, 1924, a compilation by the Investment Registry of America, Inc., shows the thirty-two nationally chartered institutions had surplus and undivided profits of $75,786,233, as against $73,319,169 at the close of 1923. In 1924 the the banks charged off or reserved for depreciation, etc., $318.850, which figure compares with $258,236 in 1923.

In the year the national banks increased their deposits $74,070,270, to $629,106,531.

The average book value of the reporting banks, December 31, 1924, was $365 per share, as against a par of $100, and an average quotation of $344. On December 31, 1923, the average book value was $356 per share and the average quotation $362.

The highest book value of the reporting banks is that of the National Security Bank, at $910 a share, which compares with a last reported sale of $771. Nine of the other institutions have book values exceeding $400 per share.

EARNINGS AND VALUES

The percentages earned on the capital, the book value of the thirty-two national banks and the book value of their shares for 1924 follow:

Name	Per cent earned on capital	book value	Book value
National Security	82.02	9.01	$910
Eighth	80.57	11.75	686
Germantown	67.71	10.42	323
Northwestern	62.48	9.70	644
Second	55.63	11.48	484
Girard	46.17	8.83	523
Central	39.11	7.51	521
Kensington	38.44	12.36	155
Penn	37.19	8.61	432
Southwark	35.52	12.98	274
Manayunk	34.82	6.24	558
Franklin	34.46	8.80	392
Corn Exchange	31.43	8.26	381
Centennial	31.07	7.73	402
Market Street	29.62	7.86	377
Tradesmens	28.26	7.62	371
First	26.84	7.97	337
Sixth	25.53	8.94	286
Tenth	24.80	11.11	223
Northern	24.08	9.43	255
Philadelphia	23.86	7.03	339
Fourth Street	23.01	5.66	406
Third	22.62	9.08	249
Commerce	22.49	11.51	195
Quaker City	21.63	8.30	260
Southwestern	21.17	10.03	211
Textile	18.22	8.68	210
Broad Street	16.06	9.13	176
Union	14.30	6.28	228
North Philadelphia	10.59	7.18	148
Drovers and Merchants	7.55	5.59	135
Overbrook			54

—*Philadelphia Public Ledger.*

CONNECTICUT

Below find list of new members who have joined the association this week.

Fidelity Finance Co., Jacob Miller, president, Bridgeport; United Loan Co., A. L. Kanter, Bridgeport; New England Equity Corp., H. P. Stephenson, vice-president, 139 Orange St., New Haven, Con.—Bridgeport, New Haven, Waterbury, Hartford, Norwich.

H. G. MCMULLIN, *Secretary.*

COMMUNICATIONS

January 9, 1925.

Mr. O. W. Inman, Mgr.
c|o Peoria Loan Co.,
205 Lehman Bldg.,
Peoria, Illinois.

Dear Inman:

In to-day's mail I received your code of ethics and after reading them I cannot find anything in there that is not already being done by the loan companies in Peoria.

Being in as close a touch as I am with the loan companies in Peoria I know that they are regarded by the business men as a fair and legitimate business. The opposition which existed years ago has through the efficiency and standard of the managers raised this business to the place it should have, and opposition that may exist in other cities is caused by the lack of knowledge of the loan companies business and can be easily corrected by education.

Our experience in Peoria has taught us that the loan companies are a very valuable asset to the retail business houses in helping them collect slow, delinquent and unsatisfactory accounts, a great many of these accounts are caused by the account getting away from the creditor and are not called to the credit managers attention until the amount has exceeded the customers limit.

If all credit managers of business houses had the knowledge and could give the attention to their accounts as the manager of a loan company there would be very few slow and delinquent accounts on their books. H. F. SEHMER.

Manager-Secretary Peoria Merchants' Association.

Atlanta, Ga., Dec. 5, 1924.

I beg to acknowledge receipt of the "Code of Ethics" of the Georgia Industrial Lenders Association. I have glanced over this and congratulate the Association on having such a splendid Code of Ethics, and also wish to thank you for sending it to me.

Yours very sincerely,
L. Z. ROSSER,
Chief Judge Municipal Court.

Philadelphia, Pa., Dec. 23, 1924.

I am in receipt of the Year Book of the American Industrial Lenders Association. The material contained in it is extremely interesting and I wish to thank you for sending it to me.

Wishing you the compliments of the season, I am,

Very sincerely,
JOHN S. BRADWAY.

Philadelphia, Pa., January 13, 1924.

The Industrial Lenders News comes into our Executive office regularly, but often times I am on the road and it is filed away before I get an opportunity to persue it.

No loan man can afford to be without the official organ of the American Industrial Lenders' Association's knowledge it broadcasts, therefore, I am enclosing herewith my personal check with the request that you send January number, and future ones to my dwelling 6925 Sherman St., Germantown, Philadelphia, Pa.

The article in the January issue by R. Heber Smith is particularly interesting.

With warm personal regards, believe me, Sincerely yours,
G. S. KNAPP, *Superintendent.*

Hamilton, Ohio, January 10, 1925.

Enclosed please find check for $1.00 for which renew our subscription to INDUSTRIAL LENDERS NEWS.

At this time I wish to claim to be the first to receive an application for a chattel loan, via radio, this application was received from Station 8CPQ, at Hamilton, Ohio, Thursday evening, January 8th.

If this is not a record I would be glad to hear from the office to whom this distinction belongs.

Yours very truly,
O. E. CAMPBELL,
Manager Capital Loan Company.

Terre Haute, Ind., Dec. 24, 1924.

Sometime ago we received from you circular letter urging a voluntary increase in dues in the American Association.

I have taken this matter up with all our managers and we have agreed to double the dues which we paid during the past year in all the offices which we operate.

We do this in consideration of the excellent work and great achievements of the Association in the past few years. We have always been willing and glad to do our part.

Very truly yours,
BENJAMIN BLUMBERG.

MONEY LENDERS ENJOINED

Ottinger Gets Order Against Buffalo Concern Under Martin Act

ALBANY, Jan. 30.—Charging violation of the Martin Blue Sky Law, Attorney General Ottinger to-day obtained from Supreme Court Justice Staley an injunction against the Edwards Personel Finance Corporation of Buffalo, a money lender. Edward E. Diegler, president, and other officers of the corporation are ordered to appear on Feb. 4 for examination. In his petition the Attorney General said:

"In most cases the debtor, after nearly repaying the amount borrowed, discovers that he has signed a subscription agreement for shares of the preferred stock of the company at $25 per share, equal in face value to the amount of his loan, also a promissory note for the amount of the money borrowed; an assignment of his wages, a chattel mortgage on his furniture and a pledge of the stock to be issued to him, all in a total of twice the amount of the loan."—*N. Y. Herald.*

GEORGIA

Regular meeting of the Georgia Industrial Lenders' Association was held in the office of Chairman Madison 212 Healy Building, at 2 P. M., on the afternoon of Tuesday, January 13th, 1925. Meeting was called to order by Chairman Madison, at 2:30. By order of the chair roll call was omitted, also reading of the minutes of last meeting.

The treasurer made his report of amount of money in treasury, with all bills to January 1, 1925, paid.

The chairman brought to the attention of the membership the increasing of membership dues of several members of the Association. This increase was agreed to by all of those present.

The secretary read correspondence from Mr. R. F. Hartz, National Publicity Chairman, relevant to mailing out pamphlet "Making Credit Available or All," along with letter in connection with these pamphlets sent out by F. E. Tyson, of the Fidelity Loan Company, Danville, Ill. It was thought a very good idea by the majority of members to send this pamphlet to mailing list of the Atlanta Chamber of Commerce. We figured that the cost would be about $75.00. After much discussion it was properly moved and seconded that the matter be laid on the table.

Mr. Steimle, reporting for the Publicity Committee, stated that advertising on back of the City Builder was still in effect and appeared once each month; also that "Code of Ethics" had been sent to some forty or fifty judges, justices and other prominent men of Atlanta and that several acknowledgements had been received congratulating the Association upon this 'Code of Ethics."

The "Code of Ethics," adopted in convention of the American Industrial Lenders' Association, September 26, 1924, was adopted by the Georgia Industrial Lenders' Association, with the exception of paragraph five of Article three, which conflicts with the Small Loan Act of the State of Georgia. This "Code of Ethics" was adopted upon the motion of Mr. Snyder, properly seconded by Mr. Davis, and unanimously carried.

The Annual Meeting and Banquet of the Georgia Industrial Lenders' Association was next discussed. Upon motion of Mr. Zachary, seconded by Mr. Herbert and unanimously carried, it was decided to hold the meeting at the Biltmore on the evening of Tuesday, January 27, 1925, at 7 p. m., the cost of the dinner not to exceed $3.00 per plate. A committe consisting of Mr. Madison, Mr. Zachary and Mr. Lassiter was appointed to arrange details in connection with hotel and orchestra. Mr. Steimle was appointed as a committee of one to arrange details in connection with speakers (Hon. R. B. Russell, Chief Justice Supreme Court of Georgia, and Hon. G. H. Howard, Judge Superior Court Fulton County, Georgia), and other prominent guests; also details in connection with programs, dance cards, and the singing end of the entertainment.

The dinner and speaking it was decided to have over by nine o'clock, and balance of the evening, from nine to twelve, to be devoted to dancing. It was also decided that as many friends as desired be invited to the dance, free of cost.

During the meeting Chairman Madison received a telephone call that through the negligence of one of the employees of a certain garage where his car had been placed, and during the process of washing the car, it was totally destroyed through fire. The sympathy of the members was extended to Mr. Madison.

There being no further business, meeting adjourned at 4:30.

EDWIN M. STEWART, *Secretary.*

NOTE: Arrangements for Annual Meeting and Banquet could not be made at the Biltmore. It will be held at the Capital City Club on Thursday, January 29, 1925. Warner's Seven Aces, noted orchestra, has been obtained for the occasion.

PENNSYLVANIA

The anual meeting of the Pennsylvania Industrial Lenders Association was held in the Clover Room of the Bellevue-Stratford Hotel Philadelphia at ten A. M. Wednesday, December 3, 1924.

The meeting was called to order by Chairman W. S. Herron.

Seventy-five members were present at the morning session.

The Chair announced the appointment of the following as a Nominating Committee, to receive nominations for membership of the Executive Committee for the ensuing year: Messrs. Hart, Chairman; Hartman, Young, Devine and Watts.

REPORT OF OFFICERS

The secretary reported a membership of 110—108 in good standing as of December 31, 1924. Seventy-five members in good standing in the American Industrial Lenders Association as of February 1, 1925.

REPORT OF COMMITTEES

All reports of Committee Chairman will be found later in these minutes.

UNFINISHED BUSINESS

On motion of Mr. Watts, seconded by Mr Young, the decision of the Court of Common Pleas of Dauphin County in the W. M. Carroll vs. Coöperative Loan and Investment Company of Harrisburg case was ordered spread on the minutes. (As this has been published in the November issue of INDUSTRIAL LENDERS NEWS, it is not extended in these minutes.)

Mr. Watts reported the continuous effort of the Banking Department to prosecute the salary purchasing companies in Pittsburgh, and of the discontinuance of one offending concern, and of the likelihood of the successful prosecution of the one remaining.

On motion of Mr. Young, seconded by Mr. Ezekiel, the Executive Committee were urged to continue their coöperative endeavor with the Banking Department in this and in all cases where there is a reported violation of the Uniform Small Loan Law.

On motion of Mr. Bachofer, seconded by Mr. Buchman, the Pennsylvania Investment Company of Harrisburg was suspended for non-payment of dues.

On motion of Mr. Hart, seconded by Mr. Moore, the matter of the unpaid dues of the Citizens Loan and Investment Company, of Williamsport was laid upon the table.

Following this action the Chair appointed Mr. Young as a Committee of one to represent the matter to Mr. Myers of this company with the hope of having the concern continue their membership.

The Chair reported having had a Committee of Two from the Executive Committee confer with one of our members respecting the enlarged statements contained in bond sale prospectus, and having received favorable assurance that such references would be eliminated promptly. The Chair urged all members engaged in financing their concern to present their sales literature to our officers for such help and recommendations as might be given as the result of experience.

The secretary read a letter from Commissioner of Banking Cameron, in reply to a resolution adopted at our meeting at Pittsburgh, October 9th, and on motion of Mr. Young seconded by Mr. Moss, the letter was ordered spread on the minutes of this meeting.

Department of Banking, Harrisburg,
October 17, 1924.

"MR. C. H. WATTS, *Secretary.*
Pennsylvania Industrial Lenders Ass'n.,
1011 Chestnut Street.
Philadelphia, Pa.

"MY DEAR MR. WATTS:

"It is gratifying to me to know that the Pennsylvania Industrial Lenders Association in Convention at Pittsburgh on October 9, 1924, by resolution, approved and commended my efforts to maintain the business of licensed small money lenders up to a high standard, and to see that licensees conduct their business within both the spirit and the letter of the law.

"Also please be assured of my appreciation of the willingness of your association to coöperate with this Department in its efforts, as above indicated.

"Sincerely yours,
"(Signed) PETER G. CAMERON,
"Secretary of Banking."

NEW BUSINESS

The secretary read the following motion from the minutes of the meeting of the Philadelphia Lenders Exchange Bureau of November 21, 1924:

"On motion made, duly seconded, the secretary was directed to advise the Executive Committee of the Pennsylvania Industrial Lenders Association concerning our action in the Noteman case." On motion of Mr. Woll, seconded by Mr. Moore, the secretary was authorized to acknowledge receipt of these minutes.

On motion of Mr. Moore, seconded by Mr. Dobyns, the Executive Committee was authorized to contact Mr. Noteman, respecting certain practices of his Philadelphia offices, in the matter of doubling up, and reported violation of confidences exchanged, because of the coöperative interest as members in this organization.

On motion of Mr. Watts, seconded by Mr. Ezekiel, the National Small Loan Service of Philadelphia, was changed to West Philadelphia Finance Company on the books of this association.

On motion of Mr. Ezekiel, seconded by Mr. Moss, the resignation of the Penna. Company of Philadelphia was accepted, this company having discontinued business.

On motion of Mr. Young, seconded by Mr. Moss, the following communication from W. F. Buck, Hamilton Loan Society of Philadelphia was referred to the Vigilance Committee.

"The Banking Department is in search of information concerning the methods of the Atlas Auto Finance Company, 312 N. 16th Street, Philadelphia. This company is reported lending sums of $300 and less at a greater rate than that prescribed in the Uniform Small Loan Law, and without having been licensed to do so."

On motion of Mr. Young, seconded by Mr. Dobyns, the Personal Finance Company, 52nd and Chestnut Streets, Philadelphia. was duly elected to membership. Carried.

On motion of Mr. Young, seconded by Mr. Lyons, the Citizens Finance Service, 929 Chestnut Street, Philadelphia, was elected to membership.

On motion of Mr. Wick, seconded by Mr. Ezekiel, the National Loan Society, 2648 Germantown Avenue and National Loan Society, 5141 Market Street, Philadelphia, were elected to membership.

Mr. W. P. Woll of Chicago, urged that the Pennsylvania Industrial Lenders Association accept the resolution on finances adopted by the American Industrial Lenders Association at the Baltimore Convention. On motion of Mr. Watts, seconded by Mr. Fahringer, this was unanimously agreed to, and each member of the National organization is urged to increase his annual dues in such a manner as to liberally finance this worthy enterprise.

At this time the Chair extended a most cordial welcome to Messrs. Aufderheide, Zumpfe, Dyer, Hartz, Woll, of the Executive Committee of the American Industrial Lenders Association.

This being the annual meeting, the following report from Chairman Herron was received and on motion of Mr. Kehr, seconded by Mr. Gill, was approved, a vote of thanks extended and ordered spread on the minutes of this meeting.

"To the officers and members of the Pennsylvania Industrial Lenders Association—it gives me great pleasure to report to you at this time as Chairman of your organization.

"The results accomplished during the past year are very gratifying to me. It seems the greatest asset this organization has is its good will and fellowship.

"We have in the past year increased that asset beyond human expectation, especially with the Banking Commissioner and his Deputies.

"During the past year our association has coöperated with the Department in prosecutions of illegal lending.

"We have been instrumental directly in urging a number of non-licensed lenders to become licensees, especially in the City of Philadelphia.

"We have assisted in the regulation of so-called salary buyers, and having them come into the fold of real Industrial Lenders.

"We have held several regional meetings all of which were a marked success, more detailed report of same will be given by the chairmen of the various committees.

"The good fellowship of our organization has advanced by leaps and bounds. It seems to me that this is one large family all pulling together for one common cause rendering a real personal loan service to the necessitous borrower.

"The committees of this association deserve the utmost of commendation.

"I want to thank each and every chairman for the able manner in which he has conducted his committee work and I also want to thank every member of this association for their undivided support during my administration.

"Now gentlemen, in conclusion there is only one thing I wish to bring to your attention—that is; Coöperation brings Success and Success is inscribed all over our 1924 Banner. Let us keep it there forever. (Signed) W. S. Herron,
"Chairman."

The Nominating Committee made the following report at this time: Chairman Reeves, First Vice-Chairman Young, Second Vice-Chairman Moss, Secretary Watts, Treasurer Devine, Chairman Executive Committee Ezekiel. Other members of the committee, Hess, Millard and Hartman.

On motion of Mr. Davis, seconded by Mr. Kehr, nominations were ordered closed.

On motion of Mr. Bachofer, seconded by Mr. Kehr, the secretary was asked to cast one ballot in favor of the nominees.

Secretary cast the ballot and so reported and upon being questioned by the Chair as to his acceptance, each member having agreed to do so, the election was concluded. A speech of acceptance by Chairman Reeves was well received.

On motion of Mr. Young, seconded by Mr. Holloway, a rising vote of thanks was ordered at this time for the officers of the year now terminated.

On motion of Mr. Young, seconded by Mr. Lewis, the annual report of the treasurer with the report of the Auditing Committee, was received, approved with a vote of thanks, ordered spread on the minutes of this meeting.

On motion of Mr. Young, seconded by Mr. Moss, the report of the secretary with the Auditing Committee's report was approved, a vote of thanks extended and ordered spread on the minutes.

Annual Report of Secretary 11-21-1923 to 12-3-1924

Membership 11-21-1923	98
New Members accepted during year	12
	110
Members in good standing	108
Total Licensed Lenders in Pennsylvania 11-21-23	205
Increase during year	58
Total Licensed Lenders in Pennsylvania 12-3-24	263
Non-members, Pennsylvania I. L. Association	153
Total Receipts 11-21-23 to 12-3-24	$3,803.09
Total Disbursements 11-21-23 to 12-3-24	3,389.52
Total Payment as dues of members to American I. L. Association 11-21-23 to 12-3-24	$3,883.98

Respectfully submitted,
(Signed) C. H. Watts,
Secretary.

The above report was approved by Auditing Committee.

J. F. Devine,
Chairman.
M. L. Dobyns.

The report of the chairman of the Executive Committee was read by Mr. Gatter and on motion of Mr. Watts, seconded by Mr. Gatter, was approved, vote of thanks extended and ordered spread on the minutes of this meeting.

Annual Report of Executive Committee, P. I. L. A.

As Chairman of the Executive Committee of the Pennsylvania Industrial Lenders Association, for 1924, I herewith submit the following report for your approval and acceptance.

Your committee held seven meetings during the year 1924 to dispose of the various matters brought to its attention. The average attendance was about 60 per cent of the members of this Committee.

The first meeting held February 13, 1924 was for the purpose of deciding what action the Association was to take in the matter of the unlicensed lenders operating in Philadelphia. This condition was gone into in a very thorough manner and it was the consensus of opinion of the committee that the Association coöperate to the fullest extent with the State Banking Department in their efforts to abolish this type of lender. Counsel was retained by the Association and through the united efforts of all concerned many of the unlicensed lenders were finally forced to seek licenses. Those that persisted in not doing so were given some legal attention and suits brought by the Banking Department against them, the results of this action have not been fully reached as yet although several of the offenders we understand have been fined by the Courts.

Another important matter taken up by your committee was the attitude of some of our members resorting to Magistrates Courts to collect accounts. The danger attached to this practice was clearly shown and upon recommendation of the Committee, we believe this practice has been eliminated entirely.

At the meeting held March 28th and April 28th, 1924, the attention of the committee was called to the "Salary Purchasers" operating in Pittsburgh. No definite action was taken in this matter at this time, but it was laid over until the next meeting of the Committee to be considered in the meantime and some plan to be discussed at that time as to what, if any, action was to be taken by the Association.

The Banking Commissioner objecting to the phrases used by many lenders in the loan advertising, as well as their stock selling prospectuses, came to the attention of the committee and suggestions were asked for the purpose of meeting the wishes of the Banking Commissioner. A number were submitted which met with the approval of the Commissioner and these were sent to the various members of the Association for their use hereafter.

The special meeting of April 28, 1924, was for the purpose of adjusting the differences between one of our members whose objections to the admittance of a certain new member were presented to the Committee. Both parties interested appeared before the committee, and as is always the case where those with differences come together and openly discuss them, the matter was adjusted to the satisfaction of all concerned and all misunderstanding wiped out.

At the meeting on May 22, 1924, which was especially called for the purpose of definitely deciding the course of action against the "Salary Purchasers" in Pittsburgh, it was finally decided that the Association assist and coöperate in every way possible, with the Banking Department and the City officials as well as the representatives of the railroads in that city, to eliminate this type of lender. A committee from Pittsburgh was appointed to follow this matter through and make further report to the Executive Committee.

The Kehr-Carroll controversy in Harrisburg, was also discussed by the Committee at this meeting, but owing to the divided opinion nothing definite was suggested at this time.

On July 1, 1924 a regular meeting was held and report of the progress made in the action against the "Salary Purchasers" in Pittsburgh made by Mr. Fahringer and Mr. Reeves, the committee in charge of this matter in Pittsburgh. They reported that reputable counsel had been retained and that with the Banking Department's counsel, the case was being worked up and final action would be taken in a short time.

The business of the meeting held October 7, 1924, consisted mainly of discussing the statements of some local lenders, made in their prospectuses relative to earning, etc., in the small loan business. A committee consisting of Messrs. Watts and Herron, was appointed to contact the members involved and make an effort to have these statements modified somewhat. A report of their success in the matter to be made at the next meeting of the Committee.

On November 21, 1924, a regular meeting was held and a favorable report made by the Committee instructed to go into the stock prospectus matter. This condition will be modified by the lender in question. A suggestion from Mr. Harbison relating to improving contacts with the State Examining Officials was read, however as the relations of all officers and members of the Pennsylvania Association with the Banking Department officials are very satisfactory, it was decided that no action be taken in this detail at this time.

This about concludes the work of your committee for the past year. In closing this report I want to thank each member who attended the meetings for giving their time and splendid coöperation in all matters relating to the business of the Association, and trust they will continue to manifest the same spirit of helpfulness under the new officers the coming year.

Respectfully submitted,
(Signed) Edw. B. Webster,
Chairman Executive Committee.

On motion of Mr. Kehr, seconded by Mr. Gill, report of the chairman of the Entertainment Committee was received, approved, vote of thanks extended and ordered spread on the minutes of this meeting.

Annual Report of the Entertainment Committee, 12-3-24

To the Officers and Members of the Pennsylvania Industrial Lenders Association:

Four meetings were held during the year. The first at Hotel Cassey, Scranton, on Thursday, February 28th. Then the Philadelphia meeting, which was held at the City Club, on Thursday, May 1st. The summer meeting at Eagle's Mountain Home, Reading, July 10th, and our Western meeting at the William Penn Hotel, Pittsburgh, Thursday, October 9th.

The Scranton members certainly did themselves proud by the manner in which they handled the February meeting. Several very instructive talks were given and an enjoyable luncheon served.

The event that we always look forward to during the summer is our meeting held in Reading and our expectations were more than justified this year. I am sure that every member of the Association who attended the summer meeting went away well pleased with his visit to Reading and the few hours spent in the cool of the mountains.

The meeting held at the William Penn Hotel Pittsburgh, was well attended and the Pittsburgh boys deserve a world of credit for the pains they took in arranging this affair. Following the luncheon a very interesting talk on the history of banking was given by a prominent banker of Pittsburgh. In the evening a banquet was served. Several able speakers addressed the members, after which dancing became the business of the evening.

Taken as a whole, the year's entertainment provided for the members of the Association, was certainly taken care of in good shape and the Entertainment Committee takes this opportunity of publicly expressing its sincere appreciation of the efforts of the members from Scranton, Reading and Pittsburgh, in the work they accomplished, not only by developing a spirit of good fellowship among the members, but by aiding in the uplifting and dignifying of the Small Loan Business.

Respectfully submitted,
(Signed) A. V. Hart,
Chairman of the Entertainment Committee

On motion of Mr. Moss, seconded by Mr. Hubbell, report of the Vigilance Committee was received, approved, vote of thanks extended and ordered spread on the minutes of this meeting.

Report of Vigilance Committee 12-3-24

Mr. Chairman and Fellow Members of the Pennsylvania Industrial Lenders Association:

The Vigilance Committee is happy to report that its services during the past year were only called upon once and this was a false alarm.

On or about April 1, 1924, George I. Berkhart a clerk for the Reading Railway Company, residing at 2647 N. Garnet Street, Philadelphia, Pa., pleaded guilty of embezzling $9,000.00 from the Railroad Company, blaming his downfall on Loan Sharks. Immediately upon hearing this, we sent out a call to each and every member of the Pennsylvania Association, requesting them to write us if they were carrying an account with the above mentioned Berkhart. We received some fifteen letters, most of them stating that they never had Berkhart for a customer. Two or three of them advised us that they had had him and he was now paid up. After learning that this man did not have a loan with any reputable loan concern, operating under the Uniform Small Loan Law, the Committee felt sure that he must have been in the hands of Loan Sharks, who we tried to locate but were not successful. When one stops to consider the fact that out of the amount of business done, approximately $14,000,000.00 a year, and that there was not one case for the Vigilance Committee's attention, it speaks volumes for the Pennsylvania Industrial Lenders Association. It shows, beyond a shadow of doubt, that the men engaged in the business to-day are interested in keeping it clean and bringing it to the highest standard possible.

But let me plead with you not to rest upon your laurels, because as soon as an organization of our kind has existed sufficiently long to have a history, then a great peril faces each and every individual in that organization. It is the peril of being satisfied with belonging. The peril of being content with reading the history of the organization and then saying, "I am a member of that and doing nothing about it to make its history glorious." To such a man should be said what a great teacher said to his students on graduation day last year, "For eight years you have been studying American history. The time has now come for you to go out and make American history." And that is what should be said to-day to every member of this Association. Do not rest upon your laurels. Get out and make more real history.

Respectfully submitted,
(Signed) William Young,
Chairman.

On motion of Mr. Wick, seconded by Mr. Burt, the annual report of the Publicity Committee Chairman was received, approved, vote of thanks extended and ordered spread on the minutes of this meeting.

Annual Report of the Publicity Committee for 1924

To the Officers and Members:

Publicity has been obtained in nearly every city and town in Pennsylvania during this year. This was brought about by organizing a Committee composed of lenders from every city and community throughout the state, where there is membership in the Association. Our policy was to prepare an advance news article covering each meeting of the Association, giving the date, place of meeting, program and the object of the Association and its policies, and forward to each member of the committee, who would immediately get the copy in the hands of the editor of the newspapers of their locality.

The personal contact of these members with their local newspapers, has brought about a more friendly association with the press and produced splendid results.

The first meeting of the Association was held in Scranton on February 28th. We obtained 825 lines of publicity. Here, I want to commend Messrs. Goldman and Allgaier of my Committee for their efficiency in handling the publicity covering this meeting, in their respective cities. Reporters were present and every newspaper in Scranton and Wilkes-Barre published items pertaining to this meeting, both before and after.

The second meeting of the Association was held in Philadelphia, May 1st. A news article was forwarded to all members and 520 lines obtained.

A third meeting of the Association was held in Reading, July 10th, when 672 lines were obtained.

The fourth meeting was held in Pittsburgh and 690 lines obtained.

Mr. H. F. Woods of the Ackerman Service, New York, has been engaged to assist the Committee in securing publicity pertaining to the annual meeting and convention. Three news articles have been sent out and copies forwarded to each member for publication in the local papers of their respective cities. Copies were mailed direct to newspapers in towns where there are no lenders who are members of the Association. In this way every newspaper in the State has been covered, 70 in all.

In addition to this, we decided to go into New Jersey. A copy of these articles was sent to members of the New Jersey Association in Camden, Trenton and Atlantic City, asking their coöperation. These were favorably received by the press, through the efforts of the New Jersey members, and clippings from the papers covering the meeting, were forwarded in due time.

The first news article covering the annual meeting of 375 words, was released November 13th. The second news article of 273 words, was released November 28th, and the third article, a summary of the first two, on December 2d. From our efforts to date, we have obtained 1,705 lines, covering the annual meeting.

An invitation has been extended to the city editor of each Philadelphia paper, to attend the meeting and banquet, as our guest. A special table has been provided and we are hopeful of getting some good press reports. Mr. Thomas D. Richter, Secretary of the Publicity Bureau of the Philadelphia Chamber of Commerce, has accepted our invitation to be present as our guest.

A summary of the publicity obtained to date, of which we have received clippings, shows 4412 agate lines covering 18 cities, 39 newspapers. Clippings have been compiled and are here submitted for your inspection and in substantiation of this summary.

In addition to serving this Association, your chairman was asked to coöperate with the chairman of publicity of the American Industrial Lenders Association, in securing publicity in Pennsylvania. My Committee considered it a privilege to serve the National body and we released five new articles for them, covering the months of April, May, June, July and September.

In April we obtained 742 lines in 11 newspapers, in May we obtained 1,472 lines in 15 newspapers, in June we obtained 528 lines in 5 newspapers, in July we obtained 340 lines in 4 newspapers, in September we obtained 1,050 lines in 13 newspapers.

The article during September covered the Annual Convention. This makes a total of 4,132 agate lines of publicity obtained and clippings forwarded to the National Publicity Chairman, Mr. Hartz. In his annual report given at the Convention in Baltimore, his summary shows that Pennsylvania obtained more publicity for the National body than any other state association.

In dealing with the press, your Committee has endeavored to submit facts and give truthful information about the growth and development of the small loan business, covering the progress of uplift that is being made through the organized coöperative efforts of the Association.

Your Committee congratulates the Association on its effort to gather statistics showing the volume of the small loan business done in Pennsylvania annually. These figures have been helpful in obtaining publicity. Your committee recommends that some effort be made by the Association to obtain the total number of borrowers in the State, who are householders and what percentage have no banking connection. Information of this character is of real news value and will do much to make the public recognize the value of the industrial lender and the service he renders.

Your Chairman realizes it has not always been easy for the members to get the support of the press in their locality and recognizes it was only through personal contact on the part of the member, that results have been obtained. I desire to extend my sincere thanks and appreciation to each member of the Committee for their loyal support and coöperation throughout the year.

Respectfully submiited by,
(Signed) E. F. MOORE,
Chairman of the Publicity Commitee.

On motion of Mr. Bachofer, seconded by Mr. Lewis, the annual report of the Membership Committee Chairman was read by Mr. Knapp, received, approved, vote of thanks extended, and ordered spread on the minutes of this meeting.

REPORT OF MEMBERSHIP COMMITTEE
12-3-24

Notwithstanding the fact that this is the close of the third consecutive term in which your Membership Committee has been in charge, and out of this experience ought to have rendered an increased degree of efficient service, it has failed utterly.

Just as the success of any Institution is usually measured by the length and breadth of the shadow of one man, by the same token your Membership Committee has failed to function to the same degree of success, all of us interested in the Pennsylvania Association's progress, would like.

The multiplicity of duties incumbent upon the Chairman of your Membership Committee during the past year, has necessarily placed a limitation on his activities. This limitation however, ought not to have influenced or effected the activities of the respective regional field captains appointed a year ago. It was plainly the duty of the Membership Committee Chairman, to see that the Membership Committee, with its aides, function properly. Any neglect or failure to do so is clearly assigned to the chairman, who accepts the responsibility therefore and leans on your gracious charity.

Fortunately however, out of the humble efforts of your Membership Committee, supplemented by the splendid, loyal coöperation of the officers and members of the Association, the Pennsylvania Association Membership was increased by the addition of twelve members during the present year. There are still several applications for Membership pending which will increase this dozen.

There is an added blessing in the fact that every member has remained a member during the present year. Not one member resigned or was suspended in that period. This offers conclusive proof in our opinion, (if any were necessary), that the virtues and benefits of Association membership are verily and genuine. Association members, being keen business men hold fast to that which proves a valuable business asset.

During the past year, your Membership Committee has been quite cognizant there is a very increasing number of applications for licenses granted by the Pennsylvania Banking Department. At the time of writing this report there are 263 licensed lenders in the State of Pennsylvania, an increase of 58 licensees during this year, representing an increase of 22%. The Pennsylvania Association had a membership of 100 at the beginning of the year, to which has been added twelve members during 1924, or an increase of only 12%. There is much room for improvement in the Membership Committee's activities.

A review of the total licensees in Pennsylvania by our worthy secretary, denotes there are approximately 100 licensed lenders in this State who may be eligible for membership in our Association. At least this number ought to be thoroughly canvassed and a record made of the standing and policy of each licensee approached.

In conclusion, may I offer the above as a heritage for the next Membership Committee, and in addition, may I make so bold as to offer the suggestion that the succeeding Membership Committee will immediately enlarge its group so that the canvass for membership here suggested can be successfully effectuated? It is with an expression of keen regret your retiring Committee has been unable to do this work. It is also with a pride of high duty, obligation and interest in the future progress of the Pennsylvania Association, that the next Membership Committee will prosecute more energetically the duties of that important office.

Possessed of the fine sense of appreciation for the splendid coöperation received during the year by your Committee, an expression of thanks is extended to all who have helped. Out of the lessons gained by experience, it is to be hoped the Membership of the Pennsylvania Industrial Lenders Association will greatly mutiply in numbers, usefulness and influence, emerging with greater richness in the days that follow.

Respectfully submitted,
(Signed) CHARLES G. MUELLER,
Chairman.

On motion of Mr. Young, seconded by Mr. Wick, the annual report of the Legislative Committee Chairman was received, approved, vote of thanks extended and ordered spread on the minutes of this meeting. Carried.

The freedom of the floor was extended to Mr. Hartz, Chairman of the Publicity Committee of the American Industrial Lenders Association at this time, and he in no uncertain terms reminded each member of the importance and necessity of extending every coöperation to the State Association Publicity Committee, in order that there may be no weak link in the chain of carrying to the non-informed non-borrowing public, the dignity and equitableness with which this necessary business is conducted.

On motion of Mr. Tunis, seconded by Mr. Kehr, $100 was appropriated as a contribution to Save the Penn Charter Campaign, now being conducted by the *Philadelphia Public Ledger* newspaper.

Mr. Wick of the Retail Merchants Bureau Committee of the American Industrial Lenders Association was granted the freedom of the floor and urged members to contact members of local credit bureaus in order that business men might become better acquainted with the credit information available from the experiences of our members and that he wished a member of his Committee appointed by the Chair in each city in this Commonwealth.

The paper read by Mr. Harry D. Holloway, of Philadelphia, "A New Path Across an Old Field," was received with much enjoyment and on motion of Mr. Dobyns, seconded by Mr. Allgaier, a vote of thainks was extended to Mr. Halloway and this paper ordered presented to the LENDERS NEWS for early publication.

The paper prepared by Mr. A. G. Zimmerman, "Industrial Loan Business as a Vocation," by Mr. J. C. Lewis on the subject "If You Want Service, Give Service," and by Mr. W. F. Buck entitled "Where Lies the Success of an Office," because of lack of time were not read or discussed, but a vote of thanks was extended to these gentlemen for their coöperation. These papers were ordered placed in the hands of the Editor of the LENDERS NEWS for early publication.

There appearing no further business to transact, the meeting was adjourned.

Respectfully submitted,
C. H. WATTS,
Secretary.

The annual dinner, entertainment and dance was held in the Ballroom of the Bellevue-Stratford Hotel at 6:30 P. M. and enjoyed by members, friends and guests, there being 520 present.

Among those at the Speakers Table were, the Honorable William F. Broening, former Mayor of Baltimore; Honorable Edwin R. Cox, author of the Uniform Small Loan Law in Pennsylvania; Lafayette Temple, Esq., Baltimore; Assistant Superintendent of Police Souder of Philadelphia; R. C. Hassrick, Esq., Municipal Legal Aid Bureau of Philadelphia; Dr. L. N. Robinson, Russell Sage Foundation; Dr. C. G. Mueller, Philadelphia, former Chairman American Industrial Lenders Association; John C. Aufderheide, Chairman American Industrial Lenders and the following members of the Executive Committee; American Industrial Lenders Association: Messrs. Harrison, Hartz, Watts, Woll, Kehr and Judge Dyer of Columbus, Ohio, Chairman Ohio Loan Association.

MAINE

The quarterly meeting of the Maine Industrial Lenders' Association was held at the DeWitt Hotel, Lewiston, at seven p. m., Thursday, January 8, 1925.

After a banquet held in the private dining room the meeting was called to order by Chairman Wesley M. Snow.

Upon reading of the roll call ten members were present.

Mr. Thomas Fitzgibbons of the Personal Finance Co., of Portland, was elected a member of the association.

The chairman announced the nomination and election of five (5) men who will constitute the executive committee to serve with the chairman, vice-chairman, secretary and treasurer.

Thomas Fitzgibbons, elected for one year; E. E. Waterman, elected for two years; Geo. D. Nevens, elected for three years; Edwin E. Small, elected for four years; Geo. A. Currier elected for five years.

Treasurer reported balance on hand of $50.06.

Discussion in regard to the Maine Association assisting the Rhode Island Association in financing the National Convention—it was voted that the matter be laid on the table until the next meeting.

The secretary read a letter from Mr. Fred F. Lawrence, Bank Commissioner of the State of Maine, expressing his appreciation for the invitation to be present at our meeting, and regretting his inability to be present owing to very important state business.

Mr. Alonzo Nutter, Deputy Bank Commissioner was present and made some very interesting remarks especially in regard to the Banking Departments' coöperation with the Maine Lenders.

The association had the honor of having the Hon. Louis J. Brann, Mayor of Lewiston present with us, who welcomed the members to Lewiston. His remarks were very interesting and enjoyed by all.

The members of the Maine Association were especially fortunate in having with them Mr. A. G. Zimmerman, of New York City. He brought us a wonderful message, assuring the Maine Association of the willingness of the National Association to Coöperate with us in all of our efforts to put the business on a higher plain.

A rising vote of thanks was given to the Mayor and Mr. Zimmerman for their interesting remarks.

A request from the Maine Automotive Dealers Association asking for endorsement of the Industrial Lenders Association to a petition for the passage of a bill at the legislature this winter giving the Automotive Dealers a protection in case of bills for parts or repairs contracted prior to the issuance of a lien against an automobile was rejected. It was argued that the mortgage should be protected first. That it was up to the repairmen or automobile dealer to take the same precaution to protect themselves as taken by the mortgagee.

There being no further business to transact, the meeting was adjourned.

HENRI S. CROSBY, *Secretary.*

OHIO

The Annual Mid-Winter meeting of The Ohio Loan Association was held at The Chittenden Hotel in Columbus, Ohio, on Wednesday, January 28, 1925, and was largely attended.

The members from various parts of the State arrived early in order to get a look in on the General Assembly which is now in session. No bills affecting the small loan business have thus far been introduced and from present indications, it is not probable that any such will be present at this session.

The report of the Association shows that it is in a most prosperous condition financially and otherwise.

Three new members were received and elected into membership, viz: The Bilmar Loan Company, 407 Keith Bld., Dayton, Ohio; Columbus Finance Company, 404 Hi Long Bldg., Columbus, Ohio, and The Stark Finance Company, 433 West Tuscarawas St., Canton, Ohio.

The afternoon session was in charge of Col. D. H. Pond, Vice Chairman of the Association, who presided in his usual good style and the discussion of the afternoon centered around questions of a legal as well as a practical nature affecting the small loan business.

The Ohio Association, through its legal counsel, has been busily engaged for the past five months in the preparation of a survey of the law of Ohio as it applies to our business, and there was presented at this meeting a book of over one hundred pages, citing decisions of the courts, opinions of leading text writers and code provisions as well as suggestions and advice upon the preparation of papers and the conduct of business from a legal standpoint.

This book will be reproduced in a loose leaf binder form so that as new decisions appear from time to time they may be digested and explained and added thereto under the appropriate division so that the book will be very much like the income tax service.

The spacious and attractive dining room of the Chittenden Hotel was entirely filled for the banquet. Most excellent music was furnished by Heber Brothers Orchestra during the serving.

Mr. James H. Maurer, Secretary of the Federation of Labor of the State of Pennsylvania was the principal speaker of the evening and presented many phases of social questions that gave to the loan man a keener insight into the every day problems and perplexities of his customer as well as many timely suggestions as to how he could be of service to him.

Mr. Maurer is a broad minded man, keenly alive to the fact that the small loan business is rendering a service to society and that only through organizations such as ours and yours can the small loan business be and remain a real source of economic helpfulness to the small borrower.

Mr. Thomas J. Doneley, Secretary of the Ohio Federation also spoke and impressed upon us the responsible position we hold and the great opportunity before us to help others to build and maintain character.

The following attended the banquet:

O. L. A. MEMBERS AND REPRESENTATIVES

William Russell, V. A. Jackson, D. H. Pond, H. R. Mathews, W. E. Mathews, C. V. Keller, J. Fred Anderson, E. F. McKee, T. J. Schoonover, E. B. Timmermeister, R. C. Aufderheide, J. E. Roush, G. J. Dirksen, J. D. Williams, J. N. Waddington, L. E. Greer, Ben Blumberg, W. K. Waltman, Mike Costello, C. G. Liggett, B. F. Wunsch, A. V. Hillyer, R. G. Topper, S. Wertheimer, L. J. Strong, E. C. Fox, W. T. Haas, M. L. Anderson, E. E. Byers. Industrial Loan Co., (7): J. E. Roby, manager, Columbus, Ohio; J. W. Morrow, assistant manager, Columbus, Ohio; The Industrial Loan Co., E. F. Smith, manager; J. T. Micklethwaite, Counsel, Portsmouth, Ohio; The Industrial Loan Company, Ralph D. Hoff, manager, Marietta, Ohio; The Industrial Loan Co., C. B. Ogle, Treasurer, Columbus, Ohio; The Industrial Loan Company, J. P. Michael, Secretary, Columbus, Ohio. Peoples Loan Co., F. L. Schneider, L. T. DeWeese, C. T. Coon, M. Bilenkin, W. M. Burns, J. J. Duke, J. R. Roberts, H. T. Phillips, C. L. Carlisle, T. J. Parish, W. F. Erb, W. Legge, T. Dunkle, F. B. Dunkle, O. J McKinley, James Gaffney, T. R. Ford, H. Kurtz, O. G. Woodbury, L. K. Osborne, Fred B. Hill, Charles A. Hatch, B. L. Thuma, Henry L. Young, W. S. Van Schiver, G. P. Teegardin, B. F. Miller, R. M. Fountain, John W. Smith, Perle C. James, Edward Biete, H. C. Dunn, R. R. Heath, Charles H. Smith, O. E. Campbell, W. L. Wilson, H. B. Pierce, C. R. Dudley, W. W. Hamilton, F. M. Curry, R. E. Blair, L. W. Newman, J. F. Trump, S. L. Cotter, G. W. Hoferkamp, M. Larkin, O. H. Dyer, Edward B. Jones, Oliver Perry, G. L. Fuller, Henby Jones, A. C. Armstrong, C. W. Haldy, H. A. Rivire, S. J. Sutton, L. J. Abele, J. S. McKinley, Fred Zimpfer, Thomas J. Donley, James H. Maurer, G. W. Savage, McCormick, J. H. Dyer, R. V. Barto, Anna E. Smith.

INDUSTRIAL LEADERS MEET IN LEWISTON

Organized to Put the "Loan Shark" Out of Business

Organized to put the "loan shark" out of business by fostering legitimate, state licensed, lending business the Industrial Lenders Association of Maine, met at the DeWitt Hotel, Thursday evening for its quarterly session. Dinner was served to the 16 members and their ladies at 7 o'clock in one of the private dining rooms after which Wesley M. Snow of Portland, presided over a short business meeting, followed by instructive talks and an hour or so of general discussion.

The Maine Association is a member of the National Association which includes all of the different states that have passed laws governing licensed lending business, the idea being to have all states pass uniform laws as 18 or 20 already have done.

In Maine every person engaging in the loan business must have a license from the State Banking Department and is directly under the supervision of that department.

Following dinner at which Mrs. George D. Nevens, of Lewiston; Mrs Henri S. Crosby, of Auburn and Mrs. Wesley M. Snow, of Portland; Mayor Brann, of Lewiston; A. G. Zimmerman, of Newark, N. J.; and Alonzo D. Nutter, Deputy Bank Commissioner of Maine, were guests, the meeting was called to order by Mr. Snow, chairman.

Election of Board

Reports of the last meeting read by Mr. Crosby who is secretary were read and approved, followed by reading of the roll call which revealed the presence of every member in Maine but Mr. Bernstein of Bangor. Thomas Fitzgiven of the Personal Finance Co., Portland, was admitted to membership and the following elected to the executive board: Mr. Fitzgiven; E. E. Waterman, Portland; George D. Nevens, Lewiston; Edward M. Small, Lewiston; George A. Currier, Portland. They will serve from one to five years in the order named.

Mayor Brann made a lasting impression with the members who had never enjoyed the pleasure of meeting him before, though he insisted that the pleasure was all his in "meeting representative men from the State of Maine and her sister states."

"I think I prefer to extend a welcome to this association more than any other one I ever addressed," he said, "because you have money and you are willing to lend it. However, I don't say that I will 'touch' anyone to-night.

"It is proverbial that Lewiston people are the most hospitable people in the work," he said and then went on to tell about our new Armory which has a seating capacity of about 5,000 people which is open to everyone. As an instance of Lewiston's hospitality he cited the pilgrimage of some 2,000 Canadians to Lewiston next month to watch the snowshoe clubs of the Dominion sport at Lewiston.

A State Event

"It is an event in the State of Maine," he said, "as Canada has always been considered the winter sports country of the world, though I have often wondered if people went to Canada for winter sports or for something else. Now take the state of Maine; it is the wonderful natural resources alone that attracts the Canadian people here."

He said that advertising this event would precipitate in announcing to all the country the fact that Maine is the great winter sport place of this country. Lauding the local lenders and labeling them as representing "the best there is in Lewiston and Auburn" Mayor Brann urged the association to meet here as often as the quarterly sessions allow.

Mr. Nutter, Deputy Bank Commissioner from Augusta, representing Fred F. Lawrence, Bank Commissioner who was unable to be present because of the inauguration, announced that the Banking Department would coöperate in every way possible with the association. Mr. Nutter had to leave early to return to the Capitol.

As a representative of the American Industrial Lenders Association which is the national organization composed of the state members like the Industrial Lenders Association of Maine and is also a member of the United States Chamber of Commerce, Mr. Zimmerman gave the members the fruits of the mother organization's experiences.

Maine has the baby organization and Mr. Zimmerman said that judging by present indications it was turning out to be a thriving, active group. He said he liked the people here "very, very much." He spoke of the convention held recently in the grand ballroom of the Bellevue Stratford Hotel in New York with nearly 600 present.

Becoming Dignified

"Our business is becoming very dignified," Mr. Zimmerman said, "and is recognized as such by the state banking departments. I want you members to get your friends to understand your work which is the extending of service to people of good character."

Speaking rapidly from one topic to another, Mr. Zimmerman declared that "the greatest help you can give a foreigner is to give him financial help when he needs it and that the exchange bureau as operated in New York was an excellent service for leaders. It discouraged patrons from borrowing of three or four lenders, and becoming a greater risk than if they patronized only one lender. He went on record as declaring it to be good business to allow a borrower to pay back a loan as rapidly as possible, even on the same day that it was taken out if desired, because it established a credit which in future dealings would react for the mutual benefit of both lender and borrower.

His discussion was extremely helpful.

Others giving little talks were Mr. Bernstein, Mr. Fitzgiven, Mr. Nevens and Mrs. Snow. Mr. Nevens went on record as believing that the public should be educated as to the real status of lenders in order to dispel the idea many have of the few hard-hearted, money grabbing lenders who in the past have brought discredit upon their fellow members who are conducting legitimately licensed business. The meeting went on record as desiring advertising and publicity to offset this nasty conception on the part of the public.

Those present: Edward N. Small, George D. Nevens, J. M. Johnson, of Lewiston; E. J. Miller and Henri S. Crosby, of Auburn; George A. Currier, E. E. Waterman, Wesley M. Snow, Mark M. Bernstein, M. A. Sulkowitch and Thomas Fitzgiven, of Portland; Charles J. Bernstein, Bangor, and the guests of the evening.—*Lewiston, Me., Evening Journal, January 9, 1925.*

TAX PENALTY IS UPHELD

Interest Payment Can Be Enforced, Supreme Court Rules

Washington, November 25.—The government can enforce the payment of interest at the rate of 1 per cent a month on deferred tax payments, the United States Supreme Court held yesterday in a case against the trustee of the J. Menist Company, of New York. The lower federal courts refused to allow a higher rate of interest than 6 per cent a year, taking the position that 1 per cent a month was an illegal penalty.

A bankrupt who obtains loans from a bank on false representations is not entitled to discharge from bankruptcy, the Supreme Court held to-day in the case brought by the trustees of Abraham Lustgarten of New York.

The court announced that the loans having been obtained by Lustgarten from a bank on false statements concerning his financial conditions, he was not entitled to discharge from bankruptcy. It reversed the lower court and ordered the case back to the district court for a new trial.—*Indianapolis News, Nov. 25, 1924.*

IOWA

Friday, November 7, 1924.

Illinois—Iowa Joint Meeting Industrial Lenders Association—Hotel LaSalle, Chicago, Illinois.

Immediately following the afternoon session a short business meeting was held by members of the Iowa Industrial Lenders Association. On instructions of the chair only matters of importance would be discussed due to limited time. Those present: T. J. Harrison, Waterloo; Wm. De Beaulieu, Des Moines; Ellis Levitt, Des Moines; Harry Davidson, Des Moines; M. Aliber, Des Moines; C. M. Behnert, Des Moines; Wm. Glessner, Cedar Rapids; J. Cherniack, Council Bluff; Thos. H. Meickley, Marshalltown; Wm. J. Scheib, Cedar Rapids; Attorney Dunshee, Des Moines.

The following resolution passed unanimously:

Resolved, That Iowa Industrial Lenders Association adopt Code of Ethics as adopted by American Industrial Lenders Association at Baltimore. Motion made by E. Levitt that Code of Ethics be so arranged as to enable us to frame and hang in our office. Seconded by Attorney Dunshee.

Motion made by E. Levitt that our secretary get out a bulletin to every absentee giving full details of the Illinois-Iowa joint meeting, including minutes, etc. Motion seconded by Wm. De Beaulieu.

Motion made that we appoint a Chairman of Publicity to work in connection with our National Chairman of Publicity. E. Levitt was appointed to assist Mr. Hartz in this work. Mr. Hartz favored the Iowa members with a few remarks, pointing out the good to be derived from newspaper publicity.

C. M. Dehnert, *Sec'y.*

PROVIDENCE AS IT IS SEEN BY OTHERS

Under the Heading "Peregrinations about Providence," Newton Fuessle rites interestingly in *"The Outlook"* of ome of the More Notable Historical, Business and Manufacturing Features of he City Founded by Roger Williams. n a chatty way the author gives in ondensed form information, while not ew to those of the manner born, is aluable to newcomers.

In charming and refreshing form *The Outlook* in a recent number presented a abloid story of Providence—what is it nd what it has that is worth while. The article from the pen of Newton Fuessle, is enjoyable because of its crisp, traight-from-the-shoulder composition. Reading it is like sitting behind a door nd surreptitiously listening to the good hings said about us.

Mr. Fuessle says, "Cities often assume personality, a symbolic outgrowth of heir deeds. One pictures Chicago as a aw mid-western giant, cultivating a arden of sky-scrapers in a bed of sand, laughtering swine by day and cheering pera singers by night; driving railways lines into every conceivable direcon and tying their ends into an normous local knot, and at length growng articulate in words, as well as deeds. Pittsburgh stands night and day at its last furnaces like a grimy Titan. Detroit ushes into public view on a raging torent of motor cars, Akron on a vast illow of gutta-percha, and Hollywood n the saddle of a cinematic cyclone."

The older cities, which had their beinnings long before these civic children f the West, are less easily definable in uch obvious terms. Their patterns are more complex and their motives intermingled. Some have grown so old that they re content to sit by the fire and ruminate ver the history they have ground out of he hopper of time. Some have grown ld and yet have managed to remain ingularly young. Such a city is Provience, Rhode Island. It is an amazing municipal mosaic of the old and the new. t contains a church the First Baptist, hat has stood longer than the Declaraon of Independence. Both the church nd the city were founded by Roger Williams, the Welch dissenter, to whom he site of Providence was deeded in 639—from which it may be gathered hat centennial celebrations have grown o be almost a chestnut in Providence.

When it comes to the art of merchanising, other cities are mere adolescents ompared with Providence, which has the ldest department store in America—Gladding's, which has been a going instiution ever since 1766. Its sign of the Bunch of Grapes has moved with it from abitation to habitation, and still hangs antalizingly over the door, reminding the thirst of the vanished days of heady ead and pewter mugs. Gladding's has ince been surpassed but only in size, by he Outlet Company, which took the town y storm 20 years ago and has built up he largest department store in Provience.

Ever since its earliest day Providence as been both a civic and industrial ioneer. The first long-distance telehone line was from Providence to Wauregan. The first wireless telegraph n practical operation was between Provience and Block Island. Providence provided the American Navy with its first admiral—Esek Hopkins. Providence had its brass foundries as early as 1762; General Nathanael Greene forged anchors as a boy in its iron works; and Daniel Anthony's 32-spindle spring frame, probably the first in America, was set up and operated there in 1787.

Painless taxation is not as impossible as it sounds. Public funds can be raised in a way that will not necessarily make the populace whimper or dodge. The way to do it is to glorify taxation into a festive pastime, something to stir the sportsman's blood and to thrill the civic dullard. It can be done. Raising public funds can even be made synonymous with the rowdy phrase "Ain't we got fun." Providence discovered how as early as 1761. In that remote year Providence decided to quit slopping through the mud and to have some paved streets. It needed $30,000, and the money was raised in a flash—by means of a lottery.

The Puritan mind was a delightful affair. It sanctioned lotteries, but ran strolling companies of actors out of town. But it seems that the sheriff, who was to punish and enforce the act prohibiting theatrical performances, was himself a theatregoer, and before doing his official duty it is said that he attended the performance that was kicking up all the rumpus, and did not put the law into effect until after the final curtain.

Providence no longer frowns upon drama. It now has 31 theatres and does not lag far behind Boston in gayety. If you doubt this, drop in some night at the "Acadia," where the gay ones dance to the seductive, jazzy measures of the Vincent Lopez Band.

And Providence no longer frowns on jewelry. The Gorham Company's remarkable plant, with its skilled workers in gold and silversmithing and its sculptural bronze workers, is located in the Elmwood section of Providence. The imitation pearls of the Karpeles Company are turned out in quantities that would have shocked the souls of the city's stern Puritanical founders. Ostby & Barton keep more than a thousand workers making wedding rings alone.

Providence is noted for buying its metal by the ton and selling it again in the form of products so remarkable that their weight no longer counts.

About 90 ears ago a modest silversmith and cutler, David Brown by name, with his son, Joseph R. Brown, founded a shop for repairing watches and making clocks. Thus began the present world-renowned Brown & Sharpe Manufacturing Company, one of the largest concerns in Providence, makers of amazingly ingenious machines for milling, grinding, automatic gear cutting and screw making, and of a great variety of instruments of precision. The products of this company have made possible the exact duplication of parts in the mass production of automobiles, typewriters, electrical equipment, telephone instruments, and guns. It is said that if a mechanic has ever worked for this company he can get a mechanical job anywhere.

Wherever in the world there is anything to be filed or rasped, the products of the Nicholson File Company are likewise known. This concern, together with the world-known American Screw Company, is headed by Colonel Samuel M. Nicholson.

South Main Street is sometimes called the Wall Street of Providence. One hears its "grand old traditions" reverently spoken of. The building that originally housed them is still intact; but its modernized methods now direct some of the institutions in the state and many large outside of it.

The original Brown and Ives building has been enlarged to accommodate numerous firms. Yet the newest edition is as ancient as the original walls. The architect dug up identical formula by which the building's first bricks were made and provided exact replicas of the original shutters. This old and honorable building wears an inscrutable air; men of immense wealth drive to its doors every day. It is the source of many donations to the philanthropic, public spirited, and cultural institutions of Rhode Island.

South Water Street is still lined with the shipping headquarters of more than a hundred years ago, when Providence played second fiddle to no other American port. Providence is determined to get back its lost eminence as a port. Its Chamber of Commerce claims that it is the nearest, easiest, and cheapest New England port to reach from southern waters; that it is the most centrally located harbor with respect to the greater population of New England; that it is nearer than either Baltimore or New Orleans to all of the principal eastern ports of South America; and two days nearer than San Francisco to the Panama Canal.

The Standard Oil Company has recently spent something like $7,000,000 or $8,000,000 in development work, building its ship terminals, pipe lines, refineries, and chemical works at Providence. Kerosene, vaseline, lubricants, and by-products are made on a huge scale.

Did you know that until 1900 Rhode Island had two State Capitals? One was in Providence and one in Newport; alternating sessions of the Legislature were held in each city. And did you know that you have got to be a property owner if you want to qualify in Providence to vote for candidates for Common Council or the Board of Alderman? But this obstacle is not insuperable—you can get by if you own $134 worth of property.

As for local politics, it makes no difference in Providence what party you belong to. Joseph H. Gainer, though a Democrat, is so well liked that the Republicans and Democrats get together every two years and reëlect him mayor.

New York has its Bankers' Club, tucked against the sky on the top floor of the Equitable Building, Chicago has its Cliff Dwellers, but Providence has a club that rivals both of these. It is the Turk's Head. It balances itself adroitly on the 16th floor of the tallest building in the State. Turk's Head sounds more grotesque than this club really is. All the big business men in Providence seem to belong to it and to go there for luncheon.

But it hasn't nearly as long or formidable a waiting list as the quaint little Art Club. Among corporation heads there are many in whom the soul of an artist is being stifled in the breast of a man of affairs. In Providence, men of this stamp all sooner or later become lay members of the Art Club. It has a charm and flavor that the Salmagundi Club of New York or the Savage Club of London might envy. An artist can get in almost any time, but lay candidates are kept waiting for years; it is the most exclusive club in the state. When winter comes, this club has enough open fireplaces to rebuff the hardest New England blasts. A perennial controversy rages—Shall the accumulated soot of about a century be removed from the Colonial ceilings, or shall it be allowed to remain? It is needless to add what side the artist members take in the wrangle or that the lay members are always compelled to lie down.

The Art Club has a Narragansett Indian as a chef; his pumpkin pies are worth travelling far to sample. It was over some of his pie that I had the good fortune to meet Dr. Mead to whom America's epicureans owe a decided debt. This genial professor, head of the department of biology at Brown University, is familiarly known as the "lobster king." He lives a good share of the time on his house-boat, studying shell fish and contributing conspicuously to the prolongation of the life and numbers of that desirable race. His department is probably the most famous one at Brown, although one hears that in electrical engineering it has forged so sharply forward that the General Electric Company gives preference in employing engineers to graduates of Brown.

Brown University alone would have put any city west of the Alleghanies everlastingly on the map. It is headed by President William H. P. Faunce. It has graduated statesmen like John Hay and Charles T. Hughes. Its football team last year gave Chicago, and Yale a hard tussel and beat Harvard.

It was also at the art club that I learned much about Providence from G. Richmond Parsons, President of the Crompton Company, manufacturers of corduroy and velveteen and inventors of the popular "All Weather" corduroy. Mr. Parsons, though master of 1,200 looms, has the soul of an æsthete, and is typical of the lay membership of the club.

New England, and particularly within a few miles of providence, offers unlimited places of amusement and ideal places to spend a healthful and happy vacation.

Florida at this time of the year draws a goodly quota of its winter population from Rhode Island but we, who are envious now of the ones who have gone there, may draw a measure of comfort from remembering that in the summer time the shoe is on the other foot. Rhode Island draws a generous quota from Florida then—probably fifty-fifty, which is fair enough.

The members of the American Lenders Association, who will assemble next September in Providence for the 11th annual convention, will find that the nature-made beauties of New England resorts is all that is said of it and those who visit its shores will well profit by the acquaintanceship. J. H. Wickstrom.

SITUATION WANTED

A capable and Efficient Manager seeks a connection with a concern appreciating results. Preferably in Baltimore or Philadelphia.

Address W. A. M., Box 778, Harrisburg, Pa.

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Providence Biltmore Hotel, Providence, R. I., at 7:15 P. M. Thursday, December 18th 1924.

The meeting was called to order by G. R. Rich.

Nine members were present.

On motion of Mr. Wick, seconded by Mr. Wood, the minutes of the meeting of October 16th were approved as distributed. Carried.

On instruction of the chair the roll call was dispensed with.

Report of Officers

Chairman Rich reported progress.

Treasurer Neal reported on hand December 18th—$93.52 and on motion of Mr. Delaney, seconded by Mr. Kernon, this report was approved.

Secretary Wickstrom reported thirteen members in good standing as of December 1st 1924. No delinquents.

New Business

A committee of three Mr. Wood, Mr. Wickstrom and Mr. Lovegrove were successful in their interview with the Advertising Manager of the Evening Bulletin to have the ads of the loan companies, particularly those who belong to the association, placed in the classified or preferred column.

Mr. A. L. Wick of Philadelphia in a very interesting talk demonstrated to the members the practical and successful operation of the different Exchange Bureaus in many of the cities. Letters of commendation from various members now in the Exchange were read.

On motion of Mr. Moran, seconded by Mr. Pomfret, Mr. Wick was appointed to contact Mr. Hinckley to reengage him as the association attorney. Fee for services $100 beginning January 1st ending December 31st 1925.

Mr. Nelson Street of the Providence Chamber of Commerce in his characteristic manner gave an outline of how efficiently the retail bureau department of the Chamber could handle the proposed "Exchange" between the members of the Rhode Island Industrial Lenders Association.

A booklet "Making Credit Available for All" recently issued by the Publicity committee of the American Industrial Lenders Association gives in clear and concise language an explanation, also an understanding of our business, its possibilities for service and its right to be regarded as a legitimate and useful business. These booklets can be effectively distributed to newspapers, Public Libraries, Chambers of Commerce and to all civic and official bodies of the city.

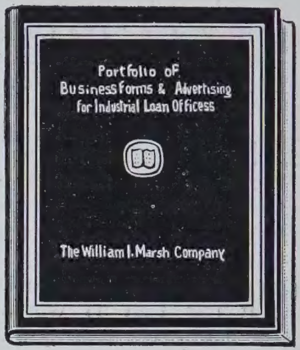
On motion of Mr. Neal, seconded by Mr. Lovegrove, 3,000 copies with imprint are to be ordered.

There being no further business to transact the meeting adjourned.

J. H. Wickstrom,
Sectretary.

YEAR BOOK

Only a few copies of the 1924 Year Book are left. A dollar brings a copy while the supply lasts.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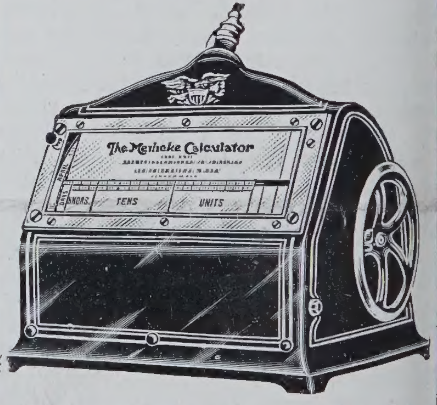

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MAR 28 1925
UNIVERSITY OF ILLINOIS

SENATOR W. S. WILKIN INTRODUCES BILL TO PROTECT W. VA. FROM LOAN SHARKS

Would Place Limitations Upon Designing Companies

Brooke County Senator Introduces Bill No. 291, called "Wilkin Bill"

WOULD PLACE COMPANIES UNDER JURISDICTION OF STATE BANKING COMMISSIONER

BY CALVERT L. ESTILL

Charleston, W. Va., Feb. 4.—Adequate protection of the poor from the clutches of loan sharks is provided in senate bill No. 291, introduced at the initial session of the legislature by Senator W. S. Wilkin of Brooke County, First district. The northern part of the state has had sad experiences with the evils which this measure would correct and the bill will undoubtedly be pushed by the junior senator from the Panhandle.

Under the term of the Wilkin bill no person, co-partnership or corporation engaged in the business of making loans of money, credit, goods or things in action, in the amount of three hundred dollars or less, would be allowed to charge contract for or receive a greater rate of interest than 6 per cent without first obtaining a license from the state banking commissioner.

When one properly licensed the person or firm would be allowed to charge not more than 3½ per cent on sums less than three hundred dollars and 6 per cent on loans above that amount. If there should be any legal or official fees specified by law an extra charge could be made for them; but no other charge could be made for loaning money.

LAW HAS REAL TEETH

While the Wilkin measure has specific penalty provisions, such as heavy fines and imprisonments, it also states that "if interest or charges in excess of those permitted by this act shall be charged, contracted for or received, the contract of loan shall be void and the licensee (lender) shall have no right to collect or receive any principal, interest or charges whatsoever."

Borrowers would have to pay interest only on the money they actually owed. "Interest shall not be payable in advance or compounded," says the bill, "and shall be computed on unpaid balance only." Furthermore, as added protection to the borrower, the law would require that certain sections of the bill be printed in plain English on a statement furnished the borrower by the lender showing the amount of the loan, dates affecting it, rates of interest, terms or payment and other similar details.

The lender, according to the proposed act, would be required to give to the borrower "a plain and complete receipt for any and all payments made on account of any loan at the time such payments are made," and the loan would be payable in part or as a whole prior to maturity at the will of the borrower. Sharks would not be able to take advantage of the unwary by holding out for later, illegal use, papers signed by the borrower because the law provides that "upon repayment of the loan in full, the licensee shall mark indelibly every paper signed by the borrower with the word "paid" or "cancelled" and shall release any mortgage, or deed of trust, restore any pledge, cancel and return any note, and cancel and return any assignment given by the borrower as security."

ALMOST ANYTHING A LOAN

According to the measure proposed by Senator Wilkin, almost anything of value given in exchange for something else of value—except in case of a sale—may be regarded as a loan and would come within the application of the act. This is shown in the following provision:

"The payment of three hundred dollars or less in money, credit, goods or things in action as a consideration for any sale, assignment or order for the payment of wages, salary, commissions or other compensation for services, whether earned or to be earned shall be deemed a loan.

In order to determine whether or not too much interest has been charged, the borrower would have to deduct the amount of the loan from the amount of the assignment; the difference would be the interest. Says the bill: "The amount to which such assigned compensation exceeds such payment shall be deemed interest upon such loan from the date of such payment to the date such compensation is payable."

PROTECTING THE LENDER

Assignment for the payment of wages, salary or commissions which are given to secure loans would not be valid unless the full amount of the loan were paid to the borrower at the time the assignments were made. Such assignments, chattel mortgages and liens on household goods must be signed in person by the borrower, and if the borrower is married, both husband and wife must sign the order.

The law, however, strikes not only at loan sharks but also makes provision for the protection of honest loan companies. If a borrower refuses to pay up, the lender ,can collect from his employer to the amount of ten per cent of the wages, salary or commission due. The section on this subject states:

"Under an such assignment or order for the payment of future salary, wages, commissions or other compensation for service, given as security for any loan made under this act, a sum equal to ten per centum of the borrower's salary, wages, commissions or other compensation for services, shall be collectible from the employer of the borrower by the licensee at the time of each payment of salary, etc." The lender would have to supply the employer with a verified copy of the assignment and a statement of the amount remaining unpaid on the loan.

BANKING COMMISSIONER IN CHARGE

Loan companies, if the Wilkin bill should become law, would be brought under the supervision of the state banking commissioner, and he would be given full power and authority to examine them just as he examines banks and other financial institutions. Application for licenses would have to post with him a bond of one thousand dollars, to guarantee their compliance with the law.

While one company might be doing business at a number of different places, a license and bond would be required for each place or agent. The bond would be so conditioned that the money lender would "conform to and abide by each and every provision of this act" and pay to the state "and to any such persons or persons any and all moneys that may become due or owing to the state or such persons" by the lender under the terms of the statute.

If the state banking commissioner has reason to believe that the lender has violated the law in any particular he may revoke his license. If a lender should be guilty of twice breaking the law, his license would be revoked and could not again be issued to him, nor to his wife, nor to any firm, partnership or corporation of which he might be a member or officer.

PROVIDES FOR EXAMINATIONS

"The licensing official (state banking commissioner), for the purpose of discovering violations of this act," says the Wilkin's bill, "may personally or by any person designated by him, at any time and as often as he may desire, investigate the loans and business of every licensee; .....and for that purpose shall have free access to the office or place or business, books, papers, records, safes and vaults of all" loan companies.

The companies are required to keep such books and records as the commis-

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Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, G. Hodson, 135 Broadway, New York City.

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Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

sioner may deem necessary for a proper examination of the business, and every company is compelled to keep the records of final entry, including cards if a card system is used, for a period of two years after the making of a loan.

Notorious cases are on record in which loan sharks by means of cleverly worded advertisements and circulars have drawn into their net needy persons who thought they would get a square deal. The Wilkin bill specifically provides that:

"No licensee or other person, co-partnership or corporation, shall print, publish or distribute, or cause to be printed, published or distributed in any manner whatsoever any written or printed statement with regard to the rates, terms or conditions for the lending of money, credit, goods or things in action in amounts of three hundred dollars or less, which is false or calculated to deceive."

Banks under state or federal supervision and licensed pawn shops are excepted from the provisions of the act. Penalties for violations of its terms may be as much as five hundred dollars fine and six months' imprisonment, or both, in the discretion of the court. If the Wilkin bill becomes law, and there is every reason to believe it will, borrowers and lenders both will receive in West Virginia that protection to which they are fully entitled; and loan sharks will be driven to more congenial shores.—*The Wheeling Intelligencer, Feb. 9, 1925.*

BENEFITS OF SMALL LOAN LAW EXPLAINED

Rotary Club Members Hear Address on How Business Is Regulated in Many States

Need of Similar Act in Kentucky

SAGE FOUNDATION CREDITED WITH ENACTING BILL IN 20 COMMONWEALTHS

Benefits of the uniform small loan law now in effect in twenty states in the Union were explained by Joseph Pierson, manager of the Kenton Loan Co., in an address Tuesday before the members of the Covington Rotary Club. Tribute to the Russell Sage Foundation was paid by the speaker, who declared that the Foundation drafted this law and, in consequence, the "story of the loan shark in these twenty states is now past history, and those who brought about this change have nothing but praise for the men responsible for the conduct of the small loan business as it is to-day." Pierson said that the small loan business is filling an important part in human affairs. He urged the passage in Kentucky of a law similar to measures enacted in twenty other states that will eliminate the loan shark.

Pierson said that money is borrowed by people who cannot anticipate reverses. "Ninety per cent of the people who borrow money are as proud and as upstanding as any man in this room, and have very legitimate reasons for needing money frequently, and would scorn a charity rôle, or to accept the money on any other than a strictly business basis," said Pierson.

The speaker said the banks are not equipped to handle the sort of business that the small loan field covers. He said the cost of handling small loan patrons in volume is prohibitive to the banker at the price he is allowed to charge. "The banker deals very largely in liquidable securities of fixed value in large amounts," said Pierson.

"Our business," said Pierson, "is a retail money business with the same proportionate overhead as any other small retail business, and is conducted largely on the same basis except that we do not have losses on necessary cut price sales and unsalable goods. We are obliged to turn our money over twelve times a year in order to make a gross return of 42 per cent once a year. What is the average gross per cent on each turnover of a retail mercantile establishment? It is variously estimated from 25 per cent upward and the turnover is from three to as high as twelve times a year.

"As to the necessity for our business. There is very little less than one million dollars loaned out in greater Cincinnati to-day, there are seven or eight large concerns operating in Cincinnati, and just one of them has upwards of $150,000 loaned out.

"In 1923 statistics were shown at our National Convention at Louisville that there were $60,000,000 loaned in the United States to 2,000,000 customers, and that the annual turnover reached $150,000,000. Do not such figures indicate proof positive that there is a demand and a necessity for our business? And understand, that covers only the northeastern part of the United States where the uniform small loan law is in effect." —*Cincinnati Times-Star, March 4, 1925.*

NEW JERSEY

Will you kindly insert the following publicity in the INDUSTRIAL LENDERS NEWS, regarding the Fourth Annual Banquet of the New Jersey Industrial Lenders' Association?

"Fourth Annual Banquet of the New Jersey Industrial Lenders' Association will be held at the Robert Treat Hotel, Newark, N. J., on Thursday evening, March 19, 1925. This is the anniversary date of the enactment of the Egan small loan bill. It will be an all-day session with business meeting in the morning at 10 o'clock. The afternoon will be devoted to the reading and discussion of papers on live topics of vital importance to every lender, and the evening will be given over to the annual banquet and addresses by several prominent speakers. Charles H. Watts, of New York, has accepted the toastmastership. A varied and interesting program of entertainment has been provided."

Yours very truly,
L. W. KELBER,

Publicity Committee, Fourth Annual Banquet, N. J. Lenders' Assn.

GET 20 CENTS ON DOLLAR

Stockholders of Hawkins Subsidiary Advised to Drop Suit

Ft. Wayne, Ind., February 5.—Preferred stockholders of the Welfare Loan Company of Ft. Wayne, a subsidiary of the Hawkins Mortgage Company, will get 20 cents on the dollar, according to the report of the receiver, Clinton R. Willson, filed in the superior court here yesterday. Holders of the common stock will get nothing, the report revealed, but an additional distribution of several cents on the dollar to holders of preferred stock will be made when the affairs of the company are settled finally.

The receiver recommended that a suit he brought against Morton S. Hawkins, president of the Hawkins Mortgage Company, the mortgage company and other officials be dropped, pointing out that Hawkins is now at liberty on bond, that the company is in the hands of a receiver, and the other officials have been convicted by a federal jury for using the mails to defraud. The Ft. Wayne concern sought to collect $110,000 from the parent company, alleging unlawful transfer of money. The receiver's report said that it would be "only a waste of money" to push the litigation.

The receiver said the affairs of the company will be settled within a few weeks.—*Indianapolis News, Feb. 5, 1925.*

VIRGINIA

At the annual meeting of the Retail Merchants' Association, held in Norfolk, Virginia, on February 18th, Mr. R. L. Northey, of the Atlantic Small Loan Company in that city, was elected vice-president of the Association. It would seem that the attitude of the Norfolk credit men in electing a small loan man as an officer in the organization would be invaluable steps of approval that could be extended to the small loan business, and shows a thorough appreciation of the efforts of the small loan men to coöperate in every possible way.

It will probably be of interest to our readers to know that only last April the small loan concerns were admitted to membership in the Norfolk Credit Association—and then by a far from unanimous vote. As most of the publicity which the small loan business received is through the reports of judgments, etc., and it is very difficult to really give a good explanation of the small loan business to the public at large, it is hoped that the various lenders will endeavor to coöperate with the credit associations in their respective cities, and, if possible, join them, as in this way an opportunity is given to explain the working of the small loan business in a way that could not otherwise be accomplished.

The Norfolk lenders are finding that membership in the Retail Merchants' Association is an invaluable assistance both as to credit information and also as above explained in "telling the story" to a friendly audience.

MAINE

Your letter received, also the printed matter. I wish to thank you for your attention in regard to the matter. With respect to the reduced rate bill, the Judiciary Committee voted unanimously "ought not to pass."

Walter S. Hilborn, Esq., of New York, was present and made a very favorable impression with the committee.

The source from where the bill originated was not from where I was first informed and came from unreliable parties.

We were represented by able and leading attorneys and the mayors of the two largest cities in the state spoke for our Association.

Through education the public is beginning to realize the business is helpful and that we play a very vital part in the economic life of the community.

Very truly yours,
HENRI S. CROSBY, *Secretary.*

GEORGIA

The Fourth Annual Banquet of the Georgia Industrial Lenders Association was held in the ballroom of the Capital City Club on the evening of Thursday, January 29, 1925. At about 6:30 the guests began to arrive and at 7:30 we assembled in the ballroom, which had been transformed into a banquet hall, for our banquet. Immediately after all were seated grace was said by Colonel Napier, one of the honor guests of the occasion. The tables were beautifully decorated, each table containing a silver basket with a beautiful arrangement of cut flowers. At each plate was placed a program, very artistic in its makeup, and also a favor of some description. A song sheet of parodies of popular airs was also placed beside each plate. Balloons and horns added to the hilarity and enjoyment of the occasion.

There were 76 seated at the banquet tables, including the guests of honor, who were: Judge Richard B. Russell, Chief Justice Supreme Court of Georgia; George N. Napier, Attorney General, State of Georgia; G. N. Howard, Judge Superior Court of Fulton County; Mr. B. S. Barker, Executive Secretary Atlanta Chamber of Commerce; Mr. E. A. Thompson, Assistant Superintendent of Banks, and also a number of other prominent guests.

Immediately after grace was said we were invited to sing the first song on the song sheet, and between each course of the dinner a song was sung. These songs were particularly written for the occasion and had to do a great deal with our line of business. After the dinner we were entertained by two very fine singers, Mr. Paul Crutchfield, tenor, and Mr. Fred L. Brigman, bass, whose contributions added much to our pleasure and enjoyment. Following this feature of the program, Col. Tillou Von Nunes, toastmaster, introduced Mr. A. B. Madison, chairman of the Georgia Industrial Lenders Association, who made a short but very hearty address of welcome. This was followed by a beautiful and touching "Toast to the ladies," by Judge Russell, which, in part, was as follows:

"Mr. Toastmaster, ladies and gentlemen, I had hoped that I would have one occasion with my many friends of the industrial lenders when I would not have to listen to my own eloquence, in such charming surroundings as this. I see that I am to make a 'toast to the ladies.' I tell you what is a fact: I do not mind talking about the ladies, though I had rather talk to them. In my opinion they are the sweetest things that God ever made. The Lord made Adam first, and then He made Eve, and since that time man cannot get along with woman and he cannot get along without her. The Lord made men and women. He never made any ladies. I'll tell you what a lady is. She is the wife of a titled man, a lord or an earl. God made woman; He made her as a helpmeet to man. If we look back into history, into the lives of the great women that have lived in the world, we find among them very few 'ladies.' Woman was fashioned superior to man: so gracious in her manner, so magnanimous in her characteristics, so sweet, so tender, so wonderful—a woman is the greatest thing that was ever created. You know it has been well said that 'The hand that rocks the cradle rules the world.' The corner stone of all civil authority is the family. It is the keystone that binds well the arch of human civilization. There would be no civilization if it were not for the influence of the mothers. They rule our lives, and upon how they rule depends the character and quality of our civilization. Woman, her loyalty, her truthfulness, her gentleness, her tenderness, her sympathy, makes the only recompense in this world of toil and worry, sorrows and disappointments, creditors and duns and death. She is the only recompense, and to bask in the lovelight of her eyes, to feel the tender touch of her hand, to know that she loves us, either as son, as brother, as husband, or as sweetheart, gives us a touch of heaven that may perhaps be the only heaven that some of us will ever know. God bless the women. God bless their labors. God grant us their love and enable us to share and bear their burdens and to contribute to the lightening of their labors and to add to their happiness."

After Judge Russell's tribute to the ladies, Judge G. H. Howard was introduced. He made a short but very entertaining speech, more or less humorous, his "Remarks" covering a broad range of territory, and in part as follows:

"Mr. Toastmaster, ladies and gentlemen, I note my friends have put my name on the program, with just the word 'Remarks.' These friends of mine evidently know that what success I have attained in life is due to the fact that I have observed silence. You know, if you do not say much people imagine that you know something; sometimes, if you say a great deal they find out that you do not know as much as they thought you did. Early in our married life my wife and I had an agreement which I would recommend to this lovely bride by my side and her husband, and to all you young men, that I would settle all the important things that came up in our lives and she would settle the unimportant things. (Just imagine a man having an agreement of that kind with his wife.) I was to settle the important matters; she was to settle the unimportant matters. I'll tell you how I got by with it: There has nothing important happened yet. Don't ever let an important matter come up in your family. It was not expected that I would make a speech. How could you expect me to make an entertaining speech with such a grand old man, such a wonderful orator, as the Chief Justice of the Supreme Court, and one of Georgia's most magnificent orators, the distinguished attorney-general, to entertain you? My friends who put my name on the program knew I could not. I am glad they put it down just as 'Remarks.' I could never hope to be a banquet speaker. It is delightful to be here, but do you know I am almost in awe to stand here in the presence of men who have enough money to lend? A distinguished Georgian once said that he never had understood how a man ever got enough liquor to sell or enough money to lend. Evidently these men not only have money to lend, but they have some to furnish their wives. One reason I was invited here was that I could make the acquaintance of these retail credit men and money lenders. Brother Von Nunes knew I had to make the acquaintance of such men—every man who passes through a political campaign must do that. It is a great and wonderful privilege to stand here and look into the faces of so many beautiful and charming women and so many distinguished men who really have accumulated enough money to lend out."

Following Judge Howard's remarks, Attorney-General George N. Napier was introduced. He made a most interesting and highly entertaining talk, his subject being "Pleasantries," and after relating several humorous stories, pertaining mostly to southern life, he concluded with these remarks:

"These men who are in a position to lend money to others perform a great service. But there are loans, and loans; perhaps the finest loan is the loan of friendship, if indeed it is not exceeded by the loan of love. These loans bear interest. Interest must be paid; interest can be paid freely and beautifully. These loans, especially the loans of love, can be immortalized: that is, they cannot be paid back, but in this great thing of the loan of love we at least must pay interest in time given, in service rendered. There is no hardship, no deprivation in paying interest on that kind of loan. I wish to felicitate you in effecting this great good you do the community, and I want to say to you, my friends, that you really are benefactors of the people. Loans should be made for accommodation, and accommodations for worthy purposes. I felicitate you, and I beg to say to you that I greatly appreciate the privilege of spending the evening with you."

The dinner and speaking were over at 9:30, and from this time on until one o'clock we danced to music furnished by the South's most famous orchestra, Warner's Seven Aces. During the dance horns, various kinds of noise-makers and paper caps of different hues were passed among the crowd. Special invitations to the dance had been sent out and at the peak of the dance there were at least 125 couples on the floor. The throwing of gayly colored serpentine streamers among the dancers made a most attractive spectacle, and the ten gallons of fruit punch served during the evening made everyone happy and feel that the evening was well spent.

At one o'clock the dance was over and the guests departed with many expressions of a most delightful and enjoyable evening.

Edw. M. Steimle, *Sec'y-Treas.*

LET'S GET ACQUAINTED

IT'S COMING

WHAT? WHERE? WHY?

1. The biggest, best and peppiest Iowa Industrial Lenders' Association meeting ever held.
2. At Cedar Rapids on March 5, 1925. *Montrose Hotel.*
3. Why?

    To learn what we can learn.
    To hear what we can hear.
    To see what we can see.
    To find out how to—

    a. Dignify,
    b. Elevate,
    c. Conduct,
    d. Increase.
    e. Advertise

    —the Industrial Loan Business.

Bring your problems and questions to this meeting. Let us help you solve them.

No charge for advice (it's free).

No funds solicited (leave your check book at home).

Just a get-together, free-for-all meeting of all those interested in the small loan business.

All are invited and urged to attend. Be there yourself and bring the office force and your stockholders along.

Attendance Committee,
Iowa Industrial Lenders' Ass'n.

Program

Meeting called to order, Thursday, March 5th, Montrose Hotel, Cedar Rapids, Iowa.

10:00 A. M.—Address of Welcome, T. J. Harrison, Chairman. Business Meeting—Roll Call, Reading of Minutes, Unfinished Business New Business, Report of Committees, Report of Secretary, Report of Treasurer.

12:00 Noon—Meeting Adjourned—For Luncheon.

1:30 P. M.—Members to Visit All Local Offices.

2:30 P. M.—Opening of Question Box; Committees appointed by Chairman to answer questions; Everyone present is requested to place one question in the question box for the purpose of discussion; General Discussion.

6:00 P. M.—Dinner; Smoker.

Ed.—We hope to publish an account of this meeting in a later issue.

WATTS GOES TO NEW YORK

Charles H. Watts, who has been the chief executive officer in the East of a large chain organization operating the Peoples Finance Service Co. and the Household Finance Service Co., has accepted the position as the chief officer of the Beneficial Operating Bureau, 135 Broadway, New York, and may be communicated with at the new address from now on. This change in official positions will in no way affect Mr. Watts' activities in Association work for the present, as he will continue to hold his position as a member of the Executive Committee of the A. I. L. A. as the Chairman on Legislation, and will continue his services as Secretary of the Pennsylvania Association, for the time being.

Mr. Watts has had notable success in the industrial loan field, starting years ago at the very bottom, and rising to-day while yet a young man, at the top of the largest organization of its kind in the world. His experience and ability and enthusiasm will no doubt be the means of making the organization over which he shall now preside, as efficient as it is big. We congratulate the interests which has obtained his services, and wish Mr. Watts the best of luck in the new environment.

PUBLICITY

The *Chicago Commerce* in its issue of December 27 carries a full page ad of the Illinois Association, the text of which is as follows:

Can You Lend Me $100?

The amount may vary but we know from experience that executives are confronted with this request more often than is desired.

It may come from a close friend or a valued employee and the chances are that the need for it is urgent.

Do you know that the members of this association can handle the transaction in a manner perfectly satisfactory to you and to the party desiring the assistance?

It will require no investment or obligation on your part whatsoever.

We are doing it every day.

The members of this association are men of high standing in their community and all transactions are under the supervision of the Department of Trade and Commerce of Illinois.

Get acquainted with one or more of the members.

The next time you are asked for financial assistance you will know exactly what to do.

For list of members refer to Subdivision 55, [page 695], of your Chicago Ass'n. of Commerce Blue Book.

Illinois Industrial Lenders
Association

The ad is illustrated by the Association Membership Certificate about which the following statements are made:

This Certificate identifies the Members of the Illinois Industrial Lenders Association.

It appears in Member-offices.

It safeguards the interests of every individual needing financial assistance.

Another ad. appearing in the *Chicago Commerce* follows:

Before You Became* An *Executive

—were there occasions when you needed anywhere from $10 to $300 but didn't know exactly where to go for it?

You needed it for perfectly good reasons to meet an emergency. Your modest means and lack of securities dismissed the thought of a bank. A loan shark was out of the question. You preferred not to go to a friend but were forced to do it as your only recourse.

Do you know that since that time there has been established a group of organizations to meet just such emergencies? They are conducted by men of high standing in their respective communities and under the supervision of the Department of Trade and Commerce of Illinois.

When you need a loan your bank is ready to serve you, but remember the employee or friend in less fortunate circumstances who has no banking connections.

Get acquainted with one or more of the members of this association so you will know who to refer your friends to.

For list of members refer to Subdivision 55 (page 695) of your Chicago Ass'n of Commerce Blue Book.

Illinois Industrial
Lenders Association.

SMALL LOANS AND INVESTMENTS

Report of the Committee on Small Loans and Investments of the National Association of Legal Aid Organizations Approved by the Convention at Minneapolis, September 25 and 26, 1924.

Since the Cleveland Convention of the National Association of Legal Aid Organizations, the Committee on Small Loans and Investments has conducted a careful national survey of the situation in the various states relative to small loan legislation. This survey indicates that in ten states the uniform law is effective providing for 3½% interest per month on small loans. This uniform law has the support of the Russell Sage Foundation, organizations representing the lenders in the states where it is in force, and welfare organizations. The law has been enacted in the following states:

Arizona, Connecticut, Georgia, Illinois, Iowa, Indiana, Maryland, Maine, Pennsylvania, Rhode Island, Virginia.

In ten other states there is now in force a law similar to the uniform small loan law:

Colorado, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Ohio, Oregon, Utah.

In order that the committee might work effectively, contact was established with the Russell Sage Foundation, the American Industrial Lenders Association, the Pennsylvania Industrial Lenders Association, and various welfare and social service bureaus and societies throughout the country.

In December, 1923, the committee was represented by its chairman at a national conference under the auspices of the Russell Sage Foundation in its office in New York City. At this meeting, the situation as to the extension of the Uniform Small Loan Law in the United States was considered carefully. It was decided that an effort be made to pass a law in the state of Kentucky when the Legislature convened in 1924. The committee coöperated with the Legal Aid Society of Louisville and a vigorous campaign was conducted in the Legislature in behalf of the uniform law. The proposed law failed of passage, but the effort brought together the most formidable array of organizations that has been mustered on behalf of the legislation in that state.

The last state in which the 3½% law was enacted was Rhode Island, where it was passed in 1923, becoming effective January 1st of this year. In three other states, West Virginia, Minnesota and Missouri, an attempt was made to pass the Uniform Law, but in each of these states it was defeated. In 1923, however, an amendment to the law in the state of New York, providing for a 3½% interest rate was defeated in the Legislature.

This Committee recommends that the National Association of Legal Aid Organizations concentrate on two purposes:

1.—To coöperate with the Russell Sage Foundation and the American Industrial Lenders Association toward effecting the passage of the uniform law in states where, as a result of conferences, it is deemed advisable to make a fight for the passage of such legislation.

2.—That in all states in which the Uniform Small Loan Law, or a similar law, is not now on the statute books, the Legal Aid Organizations shall, by forceful publicity and intelligent propaganda, direct public attention to abuses practiced by unscrupulous money lenders and that the Legal Aid Organizations also compile statistical data as to the evils arising from these usurious practices.

All the states and the United States Congress, excepting Kentucky, Louisiana, Maryland, Mississippi and Virginia, will meet in legislative session during the ensuing winter. Some of the states in which the law has not been enacted, and where it might be considered advisable to conduct a campaign for its passage, are New York, Tennessee, Texas and West Virginia. As to whether or not a program so extensive and important should be undertaken in a single year ought to be decided by the Russell Sage Foundation, the American Industrial Lenders Association, the National Association of Legal Aid Organizations and other agencies interested in the motion for this legislation.

One other important subject has been considered by the committee—the salary purchasing business which originated in Atlanta, Georgia, and which has also been introduced in Baltimore, Maryland. This business is conducted in the following manner:

The salary purchaser approaches an employe who has earned money, for example, between the 15th and 30th of any given month, and who will not receive it until the 10th or 15th of the following month. The employe, desirous of obtaining money in advance of the date when he will receive it from his employer, makes application to the salary purchasing concern. An employe who would receive $25.00 for two weeks' work will very probably obtain from the concern the sum of $22.00 in cash. If he received his money on the 5th of the month, his salary would be paid on the 10th and he would be charged $3.00 for the use of the $22.00 for a period of five days. Following the receipt of the salary from the employer, the employe goes to the salary purchasing office and again may be accomodated with another sum of $22.00 until the next pay day two weeks thereafter.

It is the contention of the salary purchasing companies that the money which an employe obtains from an employer belongs to the borrower and that the employe can sell it as he would any other material thing which he owns.

The business of salary purchasing has support throughout many of the southern states and it is believed by those familiar with the Uniform Small Loan legislation that efforts might be made on behalf of the salary purchasing companies to prevent the enactment of a uniform small loan law.

This practice is one that would seriously affect poor persons. The legal aid organizations are representatives of the poor in difficulties arising out of such business transactions. It becomes the duty, therefore, of the National Association of Legal Aid Organizations to study carefully this new trend in the small loan business in order that the association may voice its position authoritatively and effectively with respect to the extension of this business.

It is the recommendation of the committee, therefore, that during the ensuing year a thorough investigation be made with respect to salary purchasing in every state where it is now practiced.

It is the further recommendation of the committee that it coöperate with the Russell Sage Foundation and other organizations toward the enactment of the Uniform Small Loan Law in states where this law does not now appear on the statute books.

Respectfully submitted,
ROMAIN C. HASSRICK, *Chairman.*

ILLINOIS

On March 18th the Illinois Chamber of Commerce will hold its big, annual legislative meeting at the Elks Club, Springfield, Illinois, under the direction of its Legislative Policy Committee.

All members of the Illinois Chamber of Commerce are being urged to attend and their presence is important.

Most of the individual members of our Illinois Industrial Lenders Association are affiliated with the Chamber and we hold also a membership as an Association.

A joint meeting will, therefore, be held on the above date, except from three to six o'clock in the afternoon, which time has been set aside for a special meeting of our Association, to be held also in the Elks Club, and to which every licensed lender in the state will be and is hereby invited.

In this way we will be able to assist the Chamber in its legislative program, will enable our members to extend their acquaintance in Springfield, and will give the nonmember licensees an opportunity to "look in" on the methods and operations of the Illinois Industrial Lenders Association.

A good representation of nonmember licensees and down-state members is earnestly solicited. This is a big and important meeting.

Kindly signify your intentions of going to Springfield, March 18th, by filling in and mailing the enclosed postal card *at once.*

An exclusive car to accommodate Chicago licensed members will be arranged for if a sufficiently large delegation is made up. The special train on the Illinois Central leaves Chicago about midnight, March 17th, and leaves Springfield for return trip about midnight, March 18th.

Send in the card now and oblige.

Very truly yours,
L. T. BAKER, *Secretary.*

P. S.—Headquarters office of the Illinois Chamber of Commerce is located at 231 S. Sixth St., Springfield.

INFORMATION SERVICE

New York, March 22d—The tidy sum of $3,845,077,000,000 000,000 to-day would be to the credit of the heirs or assigns of William the Conqueror had he celebrated his victory at Hastings by investing one dollar at 5 per cent compound interest. The computation is made by W. Irving Bullard, vice-president of the Merchants National Bank of Boston, whose more modest estimate is that if Columbus had celebrated similarly in 1492 his dollar by now would have multiplied into $1,842,679,000.

The enormous cumulative power of compound interest illustrated by these striking instances is cited in a bulletin issued to-day by The American Industrial Lenders Association as an impelling reason for nation-wide reform in methods of financing small borrowers. Any system other than a fair rate of simple interest on small loans, says the bulletin, is inequitable and uneconomic.

Under State supervision of industrial lending where the Uniform Small Loan Law is in effect interest in a small loan may be charged only on the unpaid balance, that is only on the actual balance due for the actual number of days the money has been used and the rate is fixed by law.

This law is in effect, however, in less than a score of states. Elsewhere small loans are made, not only at extortionate rates, but the rate is on the whole amount of the loan, no matter how much has been deducted at the outset for premium or advance interest, or how much has been repaid in installments. In addition, by a system of fines, fees and premium charges for renewals of loans, and other practices known as "pyramiding," the borrower is made to pay at a rate which dwarfs compound interest by comparison.

These abuses in industrial lending have been eliminated by scientific legislation, the extension of which to every state in the Union is advocated by the bulletin.

CREDIT MEN TOLD OF LOAN CONCERNS' VALUE TO INDUSTRY

"Of thirty-five million borrowers in the United States approximately one million are served by legitimate industrial loan companies,' stated A. B. Madison, chairman of the Industrial Lenders' Association of Georgia, who delivered the principal address at the opening session of the two-day conference of the southern division of the Retail Credit Men's Association Tuesday morning at the Henry Grady hotel.

Mr. Madison spoke as substitute for D. J. Woodlock, secretary of the national association, who was unable to be present at the convention. H. G. Schiff, president of the local association, opened the conference with a brief address, and was followed by the invocation which was delivered by the Rev. L. O. Bricker. Mayor Walter A. Sims gave the address of welcome.

In speaking of the advantage of an efficiently functioning industrial lending system, Mr. Madison stated that it was of social, personal and commercial value to the community. "It takes care of the small loans without security, which the banks cannot handle, it will rid the public of the nuisance of those who borrow from friends, and will increase the buying power of the individual which is a considerable asset to the retail merchant." Mr. Madison stated: "Georgia is the only southeastern state which has the Russell Sage small loan law, and which has indorsed this system of lending money."

FURTHERANCE OF LAW

At the close of the discussions which followed Mr. Madison's address, and which were participated in by delegates from all the southeastern states represented at the conference, a resolution was unanimously adopted that efforts should be bent toward having this law placed on the statutes of the different states.

A committee was appointed by Mr. Schiff to formulate plans for making the southern division of the national association a permanent organization with executive officers and to make the conference an annual affair. The committee, which was to make its report at the afternoon session, included Olin Berry, Knoxville, Tenn., chairman; G. W. Wallace, Chattanooga, Tenn.; J. M. Holloway, Montgomery, Ala.; I. B. Morse, Nashville Tenn., and E. B. Irwing, Birmingham, Ala.

If the committee returns a favorable report it was announced that officers would be elected during the afternoon session.

DINNER PLANNED IN EVENING

The morning sessions closed with an address by J. R. Byington, of J. P. Allen Company, Atlanta, who spoke on "Laws Affecting Conditional Sales Contracts in the South."

They were to meet in the afternoon at 2 o'clock for addresses by Austin Carey of Memphis, and Dewey W. George, of Knoxville, Tennessee.

Tuesday night an elaborate banquet will be given at 6:30 o'clock at the Grady hotel, and will be followed by a ball. The entertainment features of the banquet will include Warren Kimsey, leading community singing; several song numbers by Floyd Jennings, well-known local vocalist; interpretative dances by Miss Laura Virginia Condrey, popular Atlanta dancer, and a number of musical selections by Ernest Rogers and Lambdin Kay, of WSB, *The Journal's* radio broadcasting station.

The visiting ladies will be entertained at a matinee party followed by tea at the Atlanta Woman's Club Tuesday afternoon. With the closing of the business session Wednesday at noon, plans have been made to take the visiting delegates on a sight-seeing tour.—*Atlanta Journal* March 10, 1925.

FINANCING THE BANKLESS BORROWER

By J. H. Aufderheide, National Chairman, American Industrial Lenders' Association

It is doubtful if there is a thorough understanding by the average business man of the question of industrial lending, the only form of credit available to about 95 per cent of the nation's adult population. The activity of organized lenders in the last several years in promoting legislation intended to put their business under state regulation, and the assistance offered by their national body in a nation-wide fight on extortionate lending, have made pertinent some facts which should contribute to a better understanding of their business by the public.

Economists, sociologists, students of social welfare, many bankers and some business men have this understanding of it, based on their knowledge of social and economic conditions that make it a necessary business. But the average man has not this knowledge or understanding, and it is the average man in the mass who decides questions. Each year the report of the increase in the savings accounts of the population, totalling billions of dollars, feeds our national complacency. Yet a very high percentage of those thrifty persons in an emergency could not be accommodated by the banks.

This, of course, is not the fault of the banks. The money they lend is that of their depositors, and obviously they cannot risk it in credit extended without the security that commercial banks must require. Nor at the interest rate they are permitted to charge on loans can they afford to handle the multiplicity of small transactions entailed in the business of making small loans. These facts explain the necessity for a fiscal system which shall provide credit for the vast numbers for whom no other provision is made. At the same time they explain the essential difference between banking and money lending, and the reason for the difference in the legal rates of interest on loans charged by each.

FOUNDED TEN YEARS AGO

It was to bring about a general understanding by the public of the small loan business that licensed money lenders some ten years ago organized the American Industrial Lenders' Association. The membership in the organization is limited rigidly to those lender corporations and individuals who conduct their business under state supervision in the states where the business of money lending is legalized and licensed, where the interest rates are fixed by law, and where the lender is held to as strict accountability by the state as are the banks under the same supervision. In this sense, the association is an exclusive body, but because one of its prime aims is to bring money lending under the same strict supervision in every state in the Union thereby protecting borrowers from rapacity, greed, and extortion, it is above all inclusive. And it may be said to be unique in that it is perhaps the only business on record that has organized primarily to bring about state regulation of its business and is clamoring for it.

Some elemental facts about the business are a necessary precedent to an understanding of it and the reasons for the association's campaign for supervision by the State. A small loan, in the meaning of the law, is one not in excess of $300, the legal interest rate for which is higher than that permitted on the loans of commercial banks, and repayment of which is made in installments. This higher interest rate is allowed in recognition of the facts that small loans are made from the capital of the lender, on no security or security of a non-liquid or precarious character, that the business involves expenses of recording the information on the prospective borrower's loan application, investigating the statements made, searching the title to the security offered, if any, and the bookkeeping necessary to record periodic installment repayments on the loan, as well as maintaining records required by law.

It is estimated that between $60,000,000 and $100,000,000 capital is employed in the small loan business, and that the loans total about $150,000,000 annually in a total of about 2,500,000 transactions, affecting approximately 1,000,000 families. Loans of this character are made to wage and small salary earners forming the great mass of those to whom bank credit is not available. The reasons for the loans run the scale of human necessities, from sickness and death to unemployment; in fact, all of these emergencies which constitute the crises in the lives of those with little money and many responsibilities.

EAGER FOR STATE SUPERVISION

It may be asked why legitimate lenders are eager for state supervision of their business. They seek it because with supervision comes legal recognition of their business as a necessary and legitimate financial enterprise, the rates they may charge for loans are exactly fixed, and the business is established on terms of fairness to lender and borrower alike, so that the age-old evils to which a business of this sort is peculiarly susceptible may no longer exist to attract to it men who are without conscience or scruples. The new order of money lending has attracted to it a class of men who would be content to engage in it only in a lawful way, and to apply to it approved business methods. They do not regard money lending under humane and equitable conditions as a charity, but as much of a necessity as commerical banking. And while viewing it strictly as a business, they are actuated in its conduct by business principles and ideals of service as high as those actuating men in any other line of legitimate business. For this reason they are desirous of widening the area wherein legitimate money lending may be possible, for they realize that a capital of even $100,000,000 employed in some score of states is but a very thin spreading of credit to meet the needs of the large number of necessitous who in crises must have money, if not on fair terms, then on whatever terms, however extortionate, they can obtain it.

If this fact of the necessity for a loan on whatever terms were borne in mind by all, the speedy solution of the problem would be demanded by an aroused public opinion in every state. For it is a matter that directly touches the public conscience when once understood. All lenders have a keen realization of the fact; so, too, have most economists and sociologists, and many earnest students of public questions, but the average man, when he thinks of it at all, too often believes that the needs of necessitous borrowers who are in so desperate a financial strait that they will, if they must, submit to extortion to obtain a loan, should be met by charity. But charity is not meeting these needs, cannot possibly do so, should not do so, and in the cases of most of the really deserving borrowers, is not called upon to do so. Charity as a solution of the question was long ago eliminated by students. As a solution it is first of all unscientific; it is, besides, inadequate, uneconomic and anti-social.

Former Solutions Unsound

Leaders in the new order of money lending long ago realized that all solutions formulated and tried by well-meaning theorists for the cure of a business that almost was co-existent with civilization, had failed because they were basically unsound. They knew full well that their business was bound to be enduring because of the necessity of it, but they knew quite as well that it could not endure with a full measure of the real helpfulness that should characterize it unless some scientific principle could be arrived at to govern its operations.

It was to the Russell Sage Foundation that they turned, and the Foundation named a commission of experts who made the first survey ever made of money lending in the United States. This survey resulted in the drafting of what is known as the Uniform Small Loans Law, the vital principles of which were the licensing of lenders under bond, regulation of their business by the State, and the fixing of the maximum interest rate on unpaid balances of loans at 3 1-2 per cent a month.

This law has been adopted either in its entirety or in principle in about a score of the states. Wherever adopted it has won its way to the favor of the officials administering it, and to that of the public generally. It has never been repealed in any state adopting it. It has proved the wisdom of its framers as a practical remedy for the cure of extortion, for wherever it is in operation, the loan shark has been eliminated. Its terms of exact justice as between lender and borrower have attracted the capital of men who are content to do business only on such terms, and the competition they offer has been too much for the extortionate lender.

Organized lenders are convinced that in this law they have at least found the principle that must govern the orderly and equitable conduct of their business. It is for this reason that they have been seeking, and are constantly seeking, to make the operations of the law nation-wide, for until that is done, extortionate lending will not have been utterly extirpated, a great proportion of the body of necessitous borrowers will still be without credit on fair terms, and the possibilities of legitimate lending will remain cramped and confined.

Why a 3 1-2 Per Cent Rate?

But there are still many who cannot understand why a rate of 3 1-2 per cent a month is justified. The stumblingblock to their understanding is that their comparison of this rate is invariably with the legal rate that commercial banks may charge on loans. The conditions under which the two classes of loans are made are not comparable. In the first place, banks are not lending their own capital, but mainly the capital of their depositors. It is for this reason that, even though they may charge no more than 6 per cent on loans, many of them are able to declare dividends of from 10 to 30 per cent on their capital stock, a rate that no lending company that I know of can or does declare. The best evidence of the truth of the assertion that small loans cannot profitably be made at the lower interest rate is in the fact that banks do not make them.

Their Own Capital

On the other hand, the loans made by industrial lenders are their own capital; they have no deposits available for this purpose. Very frequently their money is extended on the sole security of good character and earning ability of the borrower. Where security is offered, it is non-liquid and adequate only in the sense that the borrower usually will make every effort to repay his loan rather than risk his property to legal proceedings. It is a necessary accompaniment of the small loan business that it entails the keeping of many records and much bookkeeping. This is inevitable, because of the investigations required of applicants for loans, their security when and if offered, the entries necessitated by many borrowers repaying loans in frequent periodic installments, the tracing of delinquent borrowers, making of reports, and the innumerable details inseparable from the conduct of a business under strict supervision, and with so many varying conditions and characters of borrowers.

It has been demonstated that the present rate is the only one at which legitimate lenders can operate at a fair profit, no more, no less. At the same time, it is conceivable that at some time, under new and improved conditions of the business, it may be possible to make small loans profitably at a rate lower than this. But it is quite certain that a necessary precedent to this must be a more general extension of equitable laws permitting of the entry into the money lending field of the class of lenders who are earnestly desirous of putting the business on a legitimate plain. Indeed, as the business and the necessity for it become better understood by the public, and attains a greater degree of stability than it has at present, new devices, the evolution of business practices by the licensed lenders, and the inevitable competition that will ensue, undoubtedly will result in a lower interest rate for necessitous borrowers.

No one is more eager to hasten that day than the licensed lender, for the present maximum rate, which is the minimum under which he can profitably carry on, is irksome to him in the general lack of popular understanding as to its necessity, and he has besides, the merchant's instinct for reaching out for business on terms most attractive to those he serves.
—*The United States Investor.*

MARYLAND

The March business meeting of the Maryland Association was held at 7:30 p. m., on the 10th of March in the Board Room of the M. & M. building, 22 Light Street, Baltimore.

The following gentlemen were present: R. T. Baseman, Peoples Loan Society; H. C. Moore, Peoples Finance Service Company; H. T. Mattingly, R. L. Long and Clifford Smith, Master Loan Service, Inc.; C. Howard Hood, Industrial Loan Company, of Baltimore; A. E. Potter, Household Finance Service Company; E. E. Houghan, Atlas Loan Society and Community Finance Service, Inc.; J. E. O'Neill, Beneficial Loan Society; H. P. Gatter, Supervisor Household Finance Service Company and Peoples Finance Service Company, and A. L. Rivkin, Classified Advertising Manager *Baltimore Post.*

The members enjoyed a twenty-minute talk by A. L. Rivkin, on advertising, especially so on results the advertisers obtain in patronizing the Scripps-Howard Newspapers. The news is condensed and to the point and the average business man can, within a few minutes' time, read all the local news of importance. This makes a tabuloid newspaper popular. The *Post* has been published for about three years and has a circulation of 85,000 at present, sixty to sixty-five thousand of this circulation are distributed in the home. Several members substantiated Mr. Rivkin's talk by expressing the results they were obtaining by using the *Post* as an advertising medium.

H. P. Gatter, of Philadelphia, an Exchange enthusiast, recited as to how successfully the Philadelphia exchange was being operated, special stress being laid upon the number of inquiries that were exchanged daily and the accuracy with which the exchange furnishes this information. There are twenty-six members in this exchange and all reports are made no later than 10 a. m. With this information before us, a general discussion took place by several of the Baltimore Exchange members as to our Exchange service may be improved, for instance reports covering inquiries are returned by messenger between the hours of 11 and 1. If reports could be furnished by telephone to each company by 9:30 or 10 a. m., a better loan service could be rendered. With this thought in mind Chairman Mattingly appointed Mr. Hougham a committee of one to contact the exchange with the thought of giving this improved service.

No further business to contract, the meeting adjourned until 7:30 p. m., April 14th.

H. C. Moore,
Secretary.

PUBLICITY

"TO MEMBERS: The American Association, through the Publicity Committee, is sending out releases for newspapers each month. If you are called upon to assist in this work, your coöperation will be appreciated. The success of this work depends upon every member. If you are successful in having the article published, will you send the clipping to your State Chairman in order that your State will receive the proper credit when the report on publicity is made at the National Convention. The following have been appointed Chairmen for their States. Each State Chairman is a member of the American Association Publicity Committee.

Connecticut, A. S. Edwards, 42 Banks St., Waterbury; Georgia, E. M. Steimle, 301 Peters Bldg., Atlanta; Indiana, A. C. Broughman, Legal Loan Co., Marion; Iowa, E. I. Levitt, 420 Hippee Bldg., Des Moines; Maine, Wm. M. Snow, 401 Fidelity Bldg., Portland; Maryland, H. T. Mattingly, 322 Equitable Bldg. Baltimore; Michigan, Chas. MacBeth, 516 Penobscot Bldg., Detroit; Ohio, B. L. Thuma, 29 Ruggery Bldg., Columbus; Pennsylvania, E. F. Moore 135 Broadway, New York, N. Y.; Rhode Island S. S. Moran, 204 Westminster St., Providence.

Illinois, Massachusetts, New Jersey and Virginia have not appointed a chairman of publicity for their State.

"I personally want to thank each member of the State and American Associations for the coöperation already given and if you will give your State Chairman your earnest coöperation this year you will assist in making this the banner year for publicity."

Yours very respectfully,
R. F. Hartz,

Chairman of Publicity, American Industrial Lenders Association.

Dear Mr. Hartz:

The first southeastern division of the Retail Credit Mens' Association met at the Henry Grady Hotel, Atlanta, Ga., Tuesday-Wednesday, the 10th-11th, of March. There were about one hundred thirty-five delegates present from Tenn., North and South Carolina, Georgia, Alabama, Miss. and Fla.

After the Address of Welcome by Mayor Sims, Atlanta. Mr. A. B. Madison, Chairman of the Georgia Industrial Lenders Association was called upon to deliver the address entitled "Industrial Lending a Community Asset." Originally, Mr. Woodlock, National Secretary, was to have had this place on the program. Mr. Madison, however, was introduced as taking the place of Mr. Woodlock. The address, as you know, is quite lengthy, and during the address I made it a point to study those present and found that every one appeared to be very interested.

After the address the quiz committee began firing questions and called upon every one present to take part, and believe me they did. They brought up stuff that a loan man would hardly think of. At the beginning of this quiz we had in our favor about 25% of those present and after the various phases of our business were discussed and they became more enlightened as to the value regarding the business of the Industrial Lenders as a Community Asset we had 100% for us.

All the greater part of the morning session was devoted to our subject and they thought so much of the business of Industrial Lending that they passed a resolution, which was unanimously adopted, that in every state where the Russell Sage Small Loan Law was not in effect, that every effort be made to place this law on the statute books of the respective state.

Mr. Madison and myself stayed through this whole convention up to the time of adjournment. It was the greatest opportunity we have had for educational work, and believe me, we took advantage of every opportunity. There were many requests from both Mr. Madison and myself for the Georgia Small Loan Act. We sent to the capitol and secured fifty pamphlets of this act, we inserted this with the code of ethics—"Making Credit Available For All" and Dr. Muellers speech, and two other addresses in pamphlet form, titles of which I do not recall at this time, placed them in a large envelope and had the president of the Credit Men announce of what we had done and requested that those who were interested might come to the speakers table and help themselves. To show how completely we put this matter over, every one of these envelopes with their enclosures were taken and there was almost a scramble for them.

In due respect to the value of our publicity campaign in the City Builder, newspapers and mailing out of the various educational addresses etc., this personal contact with the Credit Men and their convention has done more good I know, than all other publicity educational work in the various mediums used in the southern states.

We regretted very much that Mr. Woodlock, due to illness could not be present. Knowing that Mr. Woodlock is heartily in favor of our business and advocates close coöperation with the Retail Credit Men and felt that had he been present he would have been very generous in our behalf, nevertheless, we won the Credit Men's most favorable recognition.

Permit me to suggest that if negotiations with Mr. Woodlock are not already under way regarding representation of the American Industrial Lenders Association at the national convention of the Retail Credit Men to be held in Minneapolis in June, please do so at once.

I am enclosing herewith clipping from the *Atlanta Journal* which I believe speaks for itself and will verify what I have stated above.

If you have any other addresses similar to Industrial Lending a Community Asset, let me have them and both Mr. Madison and myself will endeavor at every opportunity to put this message across.

Personally I have always been in favor of this sort of educational work and if you remember in my report at our Baltimore convention, wherein I advocated personal contact as the best means of favorable recognition, understanding and educational work.

Yours very truly,
GA. INDUSTRIAL LENDERS
ASSOCIATION,
Edward M. Steimle,
Sec. & Treas.

COMMUNICATION

United States Civil Service
Commission
Washington, D. C.

The Editor:

The Commission believes that the following announcement would interest many of your readers who may wish to take an examination for the Federal civil service. Any publicity you may give this item of news will be appreciated.

U. S. Civil Service Commission.

UNITED STATES CIVIL SERVICE EXAMINATION

The United States Civil Service Commission announces the following open competitive examination:

Supervisor of Seed Loan Collections.

Receipt of applications for supervisor of seed loan collections will close March 31st. The examination is to fill a vacancy under the Department of Agriculture, for duty at Albuquerque, N. M., at an entrance salary of $4,200 a year, and vacancies in positions requiring similar qualifications. Advancement in pay may be made without change in assignment up to $4,500 a year.

Applicants must have had at least six years' experience in rural credit work in the dry-farming section of the Southwest, at least two years of which must have been in a position of responsible charge.

The duties of the position are to direct the work of an office for the making of loans to farmers for the purchase of seed and feed, and the collection of these loans, with full responsibility therefor. The work includes the supervision of offices and field forces; the examination of applications for loans and for extensions of loans; the making of decisions as to whether or not loans or extensions will be granted, and in what amounts; and the handling of a large volume of correspondence.

Competitors will not be required to report for examination at any place, but will be rated on their education and experience, and a thesis to be filed with the application.

Full information and application blanks may be obtained from the United States Civil Service Commission, Washington, D. C., or from the secretary of the United States Civil Service Board at any place at which city delivery mail service has been established in the states of Arizona, California, Colorado, Nevada, New Mexico, Texas, and Utah.

IF YOU WANT TO SELL

your office at a fair price for real money quick, get in touch with Y. W., Box 778, Harrisburg, Pa.

LIBERAL PREMIUM PAID SPOT CASH

for the loan accounts of legal rate offices, if confidential examination permitted and fair price agreed upon. Will retain competent employees of any office purchased. Please state number of open accounts, amount outstanding, and date office was opened. E. W., P. O. Box 64, Trinity Station, New York.

INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

THE LIBRARY OF THE
APR 16 1925
UNIVERSITY OF ILLINOIS

Vol. IX, No. 10. APRIL, 1925. Price $1.00 a Year.

LOAN SHARK BILL PASSED BY HOUSE BY VOTE OF 64-29

Provisions of the Weiss-Wilkin Measure Attacked by Number of Delegates but Action Is Forced by Sponsors

Charge of Usury Is Made in Opposition

The Weiss-Wilkin loan shark bill, designated in the house of delegates as house bill 443, was passed by the house yesterday by a vote of 64 to 29 after the measure had been attacked by a number of delegates from the floor.

The bill provides that not more than three and one-half per cent per month be charged for loans of $300 or less.

Delegate Septimius Hall, of Wetzel County, who on Monday had supported the bill on the amendment stage, opened the attack on its provisions when it came before the house on its passage. He declared several abuses might grow out of passage of the bill.

Delegate Weiss, of Ohio County, and Robinson, of Harrison, spoke in favor of the bill, declaring that the law was not an experiment, that it has been tried out in twenty states and has accomplished the purpose for which it was designed. Doctor Robinson read a letter from the Indiana banking department favorable to the bill and declaring it was fair both to the borrower and to the lender.

No Limit to Interest

"There is no limit to the amount the loan sharks can charge under the present law," he asserted.

Delegate Street interposed by saying that he had known loan sharks to charge as high as 33 per cent for small loans.

Delegate King, of Nicholas, led the opposition to the bill. He said the present law protects the borrower against usury, pointing out that the borrower could go into court and recover any excess of six per cent paid for the loan of money.

"If you pass this bill, you open the way to usury," Mr. King declared.

In reply, Delegate Bayer, of Berkeley County, asserted that relief could only be obtained by instituting a civil suit and the small borrower is not inclined to take such steps.

Measure Is Passed

All discussion was stopped when Doctor Robinson demanded the previous question and the bill was passed. Those voting against passage were Delegates Ball, Bishop, DeLawder, Dye, Engle, Hall of Wetzel, Harvey, Hays, Hill, Hundley, King, Lockhart, McPherson, Morgan, Morris, Pence, Radabaugh, Roberts, Smith of Jackson, Sydenstricker and Van Sickle.—*Charleston Gazette, March 25, 1925.*

LOAN SHARK BILL UP IN THE SENATE

Interest Over 3½ Per Cent to be Prohibited by a State Law

Charleston, W. Va., March 30.—The so-called loan shark bill providing for interest not to exceed 3½ per cent per month on certain classes of small loans, which caused a fight in the house of delegates withstood an attack when it came up today in the senate. The first move was by Senator Herold, who proposed an amendment to reduce the maximum limit of such loans to $100 in place of the $300 in the original bill, but this went down to defeat. Then Senator Byrer took up the attack and moved that the enacting clause be stricken out, such an amendment being equivalent to killing the bill. In behalf of his move he objected to the state giving its approval to an interest rate which would amount to 42 per cent per year, but Senator Johnson declared the bill was a protection to borrowers of small sums, who were often forced to pay even higher interest rates, and Senator Wilkin told the senate the bill was the same as laws now operating in a large number of states and was prepared by the Russell Sage foundation.

The bill which had already passed the house, providing for 3½ per cent interest per month on loans of $300 or less, was passed by the senate after a debate in which Senator Baker opposed the bill and Senators Willis, Johnson and Cannon defended it as the best means of protecting borrowers of small sums needed to meet distressing emergencies. The bill was passed by a vote of 19 to 5, those voting against it being Senators Baker, Henshaw, Herold, Highland and Kidd.—*Parkersburg News, March 31, 1925.*

NOTICE OF MEETING

Pontiac Mich.,
March 17, 1925.

Dear Mr. Loan Man:

The Michigan Industrial Lenders Association's next Meeting will be held on Thursday April 16, 1925, in Flint, Michigan, at the Beautiful Durant Hotel.

Everything is all Set—All arrangements have been perfected to make this the one big successful meeting of the Michigan Organization. Funds have been provided—the Committee has been on the job—and everything is in readiness to give you the best time of your life.

Business First—The regular business session will be held in the parlors of the Durant Hotel, beginning at 10:30 A. M. and continues until 5:30 P. M. We will have with us Speakers from other States, and there will be interesting discussions covering every feature of the loan business. Have you seen by the Detroit papers how the Michigan Central Railroad Officials, and the Prosecuting Attorney of Wayne County are getting after the loan sharks in Detroit? Do you know that a bill has already been introduced in the State Legislature which will materially change the law under which we are now operating? These matters will all be discussed at the Flint meeting. A law may be put through the Legislature which will make it impossible for us to operate our business at all in this State. This is going to be a very important meeting—if you value your business—come to the meeting, and come early, we are going to have a busy day.

Banquet, Speakers, Music, Singing, Ladies, Dancing—Your committee has engaged the large, beautiful, ball room of the Durant Hotel, where at 6:30 P. M. a Banquet will be served to the members, their wives, sweethearts and guests. We are going to have some real eats, Boys—the best the Chefs of the Durant can provide.

The Flint Chamber of Commerce have assigned their Directing Manager, the Hon. Bill Otto, to give an address of welcome to the members and their guests. You perhaps don't know Bill—but your Committee does—"Nuff said."

Mr. J. F. Aufderheide, President of the American Industrial Lenders Association is coming from Indianapolis to address us, and others of State and Local fame will respond to toasts.

Bill Mill's Jazz Orchestra will make things lively during the Banquet and we are going to have some pretty girls sing to us—yes we said Pretty—leave it to the Committee.

Promptly at 9:00 P. M., Bill Mill's Orchestra will ascend the rostrum and the President of our State Association, the Hon. Harry Firth, and his wife, will lead us in a Grand March, followed by dancing to continue until the wee hours of the morning. There will be no wall flowers—each licensed loan man will be expected to dance at least once with each lady present.

You are invited—You don't have to be a member of the State Association in order to attend this Convention; if you are a licensed loan man, you are invited, and we want you to bring your wife, your sweetheart, your stenographer, and office assistants—the more the merrier.

Bridge and Mah Jong for the Ladies in the afternoon—Your Committee has engaged a parlor of the Hotel for the use of the Ladies while the afternoon business session is in progress, and games will be provided for their entertainment.

Dancing and Entertainment Free—Banquet Tickets, $2.50 per plate—Tickets for the Banquet must be obtained at once from the Committee. We must advise

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.
Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.
N. J.—P. L. Alberse, Romaine Bldg., Paterson,
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.
R. I.—G. E. Rich, 26 High St., Pawtucket.
Va.—E. P. East, 601 Grace-American Bldg., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Legislation, C. H. Watts, 135 Broadway, New York City.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, G. Hodson, 135 Broadway, New York City.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 135 Broadway, New York City.
R. I.—J. H. Wickstrom, 87 Weybosset St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

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the Hotel how many to prepare for. If more attend than we make arrangements for, there won't be any eats for them. How many Tickets do you want? Fill out enclosed postal card, and mail at once.

Hotel Reservations—Many persons will remain in Flint over night. Flint is a busy city and the Hotels are nearly always filled to capacity therefore, reservations must be made in advance. Members desiring room reservations, or any special information are requested to write at once to Mr. Seymour Buckner, Secretary, Entertainment Committee, Flint, Michigan., C/O Confidential Loan Co., Dryden Bldg.

NORMAN BUCKNER,
IRA BUCKNER,
SEYMOUR BUCKNER,
Committee.

INFORMATION SERVICE

New York, March 30.—The tidy sum of $3,845,077,000,000,000,000 to-day would be to the credit of the heirs or assigns of William the Conqueror had he celebrated his victory at Hastings by investing one dollar at 5 per cent compound interest. The computation is made by W. Irving Bullard, vice-president of the Merchants National Bank of Boston, whose more modest estimate is that if Columbus had celebrated similarly in 1492 his dollar by now would have multiplied into $1,842,679,000.

The enormous cumulative power of compound interest illustrated by these striking instances is cited in a bulletin issued to-day by The American Industrial Lenders Association as an impelling reason for nation-wide reform in methods of financing small borrowers. Any system other than a fair rate of simple interest on small loans, says the bulletin, is inequitable and uneconomic.

Under state supervision of industrial lending where the Uniform Small Loan Law is in effect interest on a small loan may be charged only on the unpaid balance, that is only on the actual balance due for the actual number of days the money has been used, and the rate is fixed by law.

This law is in effect, however, in less than a score of states. Elsewhere small loans are made, not only at extortionate rates, but the rate is on the whole amount of the loan, no matter how much has been deducted at the outset for premium or advance interest, or how much has been repaid in installments. In addition, by a system of fines, fees and premium charges for renewals of loans, and other practices known as "pyramiding," the borrower is made to pay at a rate which dwarfs compound interest by comparison.

These abuses in industrial lending have been eliminated by scientific legislation, the extension of which to every state in the Union is advocated by the bulletin.

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Providence Biltmore Hotel, Providence, R. I., Thursday, February 19, 1925, at 7:15 p. m.

REPORT OF OFFICERS

The Financial Service Company of Pawtucket and the New England Equity Corporation of Providence were elected to membership.

Mr. Wood has proposed for general adoption by all members the principles of business promulgated by the United States Chamber of Commerce and the code of ethics adopted by the American Industrial Lenders Association. These principles and the code of ethics to be neatly printed and framed and placed in the lobby of each office.

He also proposed starting an educational campaign to educate the public as to the nature of our business and suggested that the members should get together and issue propaganda that would help the business. The members were heartily in favor of this and agreed to appropriate $10.00 each month to defray the advertising expense.

Mr. Wick, of Philadelphia, was in favor of some plan whereby our business could be put forth to the general public through newspapers and other mediums.

Mr. Lovegrove advocated that we educate the public through the offer made by Mr. Grinnell of the Better Business Bureau.

On motion of Mr. Wick, seconded by Mr. Lovegrove, it was agreed that we should run an article each week in the *Evening Bulletin*. Mr. Wood was appointed to write the articles and attend to the printing of same.

Mr. Wick made motion, seconded by Mr. Moran, that the secretary write the secretary of the Illinois Association to get advertising propaganda used in that state.

Mr. Wood made motion that Mr. LaGueux be appointed for the unfinished term pending Mr. Wickstrom's resignation. He also made motion that Mr. Wickstrom be given a rising vote of thanks for his efforts in behalf of the Rhode Island Industrial Lenders Association during the past seven years.

Mr. Wick, who is chairman of the Retail Merchants Bureau, asked for a man in each city to coöperate with him to carry on the work attached to this department. The following were appointed: Mr. Wood, Providence, R. I.; Mr. Kennon, Pawtucket, R. I.; Mr. Lewis, Newport, R. I.

There being no further business to transact the meeting adjourned.

Respectfully submitted,
J. H. WICKSTROM, *Secretary.*

COMMUNICATIONS

ATLANTA, GA., March 28, 1925.

MR. ARTHUR L. WICK,
Chrm. Retail Merchants
Bureau Committee,
1011 Chestnut St.,
Philadelphia, Pa.

DEAR SIR: At our regular Association meeting held yesterday we had with us Mr. Gilbert, president of the Credit Service Exchange and secretary of the Associated Retail Credit Men of Atlanta, which is affiliated with the Retail Credit Men's National Association.

Since Mr. Madison and myself attended their Southern Convention and made such a good impression, in so far as value of industrial lending as a community asset is concerned, the Associated Retail Credit Men at their meeting held at the Henry Grady Hotel, Thursday, March 26th, discussed and decided that it would be to the mutual advantage of both the Retail Credit Men and the Industrial Lenders to get together and work in harmony, as our problems were more or less alike, that they needed us and we needed them.

Mr. Gilbert stated that they never realized until Mr. Madison and myself met with them more than a year ago and at their last meeting, the fundamentals and exact nature of our business. Mr. Gilbert was shown by one of the smaller lenders here with actual cancelled checks that more than $40,000 had been paid to the various businesses in Atlanta with whom the Retail Credit Men were connected.

After Mr. Gilbert extended the invitation for us to become members of both the Associated Retail Credit Men and Retail Credit Men's National Association at a cost of $12.00 per year, every member of the Georgia Association, with the exception of two—the Seaboard Security Company and the Southern Security Company, accepted and signed the application. These two companies stated that they no doubt would become members, but wanted to think the matter over.

The affiliation with the Retail Credit Men and meeting with them twice each month will present opportunities for educational work. There is no doubt that we have convinced them of the distinction between the legitimate lenders and the high rate lender, that they believe in our business, and in case of adverse legislation we can get the backing of this organization. It also should bring us all considerable business, as these Credit Men will be glad to recommend members of the Georgia Association to their customers, in order to liquidate some of their frozen accounts. We are gradually through our publicity campaign and personal contact campaign, educating the very men who come in contact with the public generally and who will pass the word along. This affiliation not only brings us in contact with the Retail Credit Men of large institutions but also with the proprietors of these businesses. In addition to that we become personally acquainted with these men and call upon them for information and they call upon us and at their meetings we will gain the benefit of their experiences with various customers and they ours, if only from an educational point of view, it is worth in my opinion five times the cost—$12.00 per year.

If the Seaboard and the Southern Security become members, which I believe they will, the Atlanta members of the Georgia Association, which is eleven out of thirteen, will mean 100% membership in Atlanta, and eleven men certainly can do a lot of publicity work.

Yours respectfully,
Georgia Industrial
Lenders Association,

Edward M. Steimle, *Sec. and Treas.*

Atlanta, Ga., March 25, 1925.

Mr. G. W. Kehr,
204 Chestnut St.,
Harrisburg, Pa.

Dear Sir: I am enclosing herewith copy of letter just received from the Banking Department. Each member of the Georgia Industrial Lenders Association located in Atlanta received this same letter.

It is going to help us to obtain a 100% membership in our Exchange Bureau. I have sent the original to Mr. Wick and suggested that he get a similar letter from the department under which Pennsylvania lenders operate.

Did I call your attention to the fact that Judge Russell's address delivered at Baltimore was published in part in the *City Builder* of March issue?

With best personal wishes, I am
Yours very truly,
Georgia Industrial
Lenders Association,
Edward M. Steimle, *Sec. and Treas.*

STATE CAPITOL
Department of Banking
State of Georgia

Atlanta, March 24, 1925.

Mr. Edw. M. Steimle, Mgr.,
Citizens Loan Company,
301 Peters Building,
Atlanta, Ga.

Dear Sir: We have learned that the Georgia Industrial Lenders Association now have in operation an Exchange Bureau.

If we understand the operation of this bureau, its purpose is in line with the spirit of the law under which members of your Association are conducting business.

From the standpoint of your customers, as well as your own interests, it is desirable that the total loans incurred by any one customer be kept within bounds, although this possibly is not in violation of the letter of the law.

This Department certainly does not desire to offer any suggestions as to the conduct of your business or interfere with it in any way, but understanding the situation as we do, it is believed that you will appreciate knowing that we approve of this bureau as we understand its purpose, and would be glad to render any coöperation to you or to the bureau at any time we may.

Yours very truly,
Luther Roberts,
Special Counsel.

CONNECTICUT

A special meeting of the Connecticut Association was held at the Hotel Taft, New Haven, February 27, 1925.

After luncheon, the meeting was opened at 2:15 by Edgar P. East, who presided at the request of Chairman Lovegrove.

An interesting talk was given by Peter Trenchi, former City Attorney of New Haven, who was present as a representative of several loan companies. The subject of his talk was "The Small Loan Business as He has Seen It in the Past, and as Conducted Under State Supervision." He expressed his belief in Association work.

In order to better acquaint each one there, the roll call was made, and upon rising, gave their names, and the company represented. Those present were: Charles H. Watts, George Hodson, A. G. Zimmerman, representing Beneficial Loan Soc., New York; W. George Wood, Cit. Finance Ser. Co., Providence; E. P. East, N. E. Inv. Co., Richmond, Va.; F. H. Lovegrove, Mut. Fin. & Inv. Co., Bridgeport; M. J. Connor, People's Loan Soc., Waterbury; R. L. Bitting, N. E. Equity Corp., New Haven; A. S. Edwards, Eq. Ind. Loan Soc., Waterbury; T. C. O'Brien, Eq. Ind. Loan Soc., New Haven; R. W. Roberts, Eq. Ind. Loan Soc., Bridgeport; H. G. McMullin, Eq. Ind. Loan Soc., Hartford; H. S. Riley, Beneficial Loan Soc., New Haven; S. R. Flauman, Mut. Loan & Finance Co., New Haven; A. Kanter, United Loan Corp., Bridgeport; L. Silver, Silver Loan Soc., New Haven; J. Miller, Fidelity Loan Corp., Bridgeport; A. Berman, National Loan Co., Hartford; F. De Lucca, The Roosevelt Loan Corp., New Haven; B. Salvatore, Saugatuck Loan Corp., Saugatuck; D. W. Cellotto, New Italian Co-Op. Co., New Haven; J. E. Rafnano, It.-Am. Loan & Inv. Co., New Haven; M. D. DelVechio, Columbus Fin. Corp., Bridgeport; John Cappozzi, North End Small Loan Corp., Bridgeport; Frank Pedace, Norwich Loan Co., Norwich; Antonio R. Abriola, Italian Credit As., New Haven; Peter Tornifoglio, The Popular & Mut. Loan Co., New Haven; John DeNigris, Park City Loan Co., Bridgeport.

W. G. Wood, of Providence, former Chairman of the American Industrial Lenders Association, and the R. I. Lenders Association, gave one of his interesting talks on advertising. This talk was very instructive, and gave everyone an entirely new viewpoint in advertising and State Associations.

The following is a paragraph which indicates that his talk was prepared in the usual careful manner.

The next question is, what is advertising, and what do we want to advertise? Not *what* thing but *which* thing? Which particular thing? Which *specific* thing? Tin plates at 5c means nothing if a person can't use them. Plaid shawls have no utility for men nor ice boxes for Eskimos. Neither is there much sense in advertising $20.00 to $300.00—3½% on unpaid balances—Confidential—No deductions, etc., etc., and then some, because, these silly and obsolete remainders of mediocre or scant ability and responsibility, carry no conviction to any mind which still believes that the whole institution of industrial lending is fundamentally wrong. So we must stop again before launching any advertising propaganda and prepare for its reception by going back, and finding the answer to, the second question: What is advertising, and what do we want to advertise? If it is money, why should people borrow from anyone and pay freight? Why not earn or save it and keep the costs? If it is service, what service? If it is merit, what merits faith, confidence, and finally, patronage?

On motion of Mr. Lovegrove a standing vote of thanks was given Mr. Wood.

Mr. Hodson moved that a copy of Mr. Wood's address be forwarded the National Secretary so that all could have the benefit of reading it.

Charles H. Watts, of Philadelphia, Secretary of the Pennsylvania Association and Chairman of the Legislative Committee of the American Industrial Lenders Association, gave a very interesting, as well as spirited address on "Living Up to the Ideals of the Association—the Spirit and Letter of the Law." His address was received with tremendous applause.

A general discussion on this talk was taken part in by A. G. Zimmerman, W. G. Wood, S. Flauman, T. C. O'Brien, L. Silver and others.

On the subject of exchanges in the different cities, A. G. Zimmerman, of the Beneficial Loan Society, spoke of their great need, and offered his services in connection with seeing that they were properly conducted and managed.

The following were appointed chairmen on exchanges in their respective cities, with power to appoint others in assisting them: F. H. Lovegrove, Bridgeport; Joseph Brennan, Hartford; T. C. O'Brien, New Haven; M. J. Conner, Waterbury.

A copy of the booklet entitled, "Code of Ethics," as adopted by the American Industrial Lenders Association, at the convention in Baltimore, September, 1924, was passed to each person present, and contents thoroughly discussed, and on motion of Mr. Bitting, they were unanimously accepted as the standard of this Association.

E. P. East advised the meeting of a conference he had with the Bank Commissioner on the subject of legislation and coöperation. He stated that the commissioner questioned him about certain licensees advertising about making loans on real estate and guaranteed notes, and expressed very emphatically that he disapproved of such advertising. The Commissioner further expressed his disapproval of such advertising, that would encourage unnecesasry borrowing at different seasons of the year.

There was a thorough discussion of the subject, and by unanimous vote the secretary was instructed to prepare a suitable letter to the Banking Commissioner, together with resolutions adopted at this meeting as going on record disapproving such advertising.

It was brought to the attention of the meeting that certain persons, firms or corporations were making loans on real estate, and on motion of Mr. Lovegrove, the Association went on record as opposed to loans of this character.

Mr. Silver, of New Haven, stated that a number of people were making loans in his city, who were not licensed, and he promised to give such names to Mr. Bitting, who agreed to serve as chairman of a vigilance committee. A report to be made to him, in writing, by the members each month.

George Hodson spoke on the bills introduced in the present legislature affecting the present law, and stated that three of them were due to the way certain licensees had conducted their business.

Mr. Padace, of Norwich, stated that some people were making loans in his city, who were charging 20% bonuses in addition to the interest, and promised to give names to the Association.

For increasing membership, on motion of George Hodson, it was voted that a chairman be appointed, and he to appoint his committee for all cities in the state on special club offer.

As a result of Mr. Wood's interesting talk on advertising, a committee was appointed to look after advertising in the following cities: Bridgeport, F. H. Lovegrove; Hartford, E. Sanderson; New Haven, R. L. Bitting; Waterbury, M. L. Connor.

At this time the chairman introduced George Hodson, Vice-President of the Beneficial Loan Society, to talk on Legislation—Past and Present. His talk was most interesting. He discussed how the law was enacted, and its benefits to borrowers under state supervision. He reported that bills were pending at the present time that would change the laws, which he hoped would be defeated. He asked the coöperation of each and every member present to make known to the personal and business friends the purposed and high ideals of the Connecticut Industrial Lenders Association and the American Industrial Lenders Association.

At this time Mr. East turned the meeting over to Chairman Lovegrove, who expressed his appreciation of the large number present.

On motion, duly seconded, it was voted to hold the Association meetings every two months, instead of quarterly as heretofore.

On motion of E. P. East, a vote of thanks was given the committee for luncheon provided.

Meeting adjourned 5:30 p. m.

PUBLICITY

In last month's issue of the LENDERS NEWS, nine columns of publicity were reproduced.

Is your state receiving its proportionate share?

As you probably know, the American Association, under the direction of the Publicity Chairman, has employed a publicity expert to prepare articles. This service is offered to you in your respective city by the Chairman of Publicity of your state. It is your fault if you do not use this service. It is our fault if the service is not prepared for you.

Get in touch with your State Chairman or write me direct. This service is offered you for the asking.

R. F. HARTZ, *Chairman Publicity.*
347 Bankers Trust Bldg.,
Indianapolis, Ind.

THE CLIQUE.

What is the clique? 'Tis those who attend all the meetings, on whom we depend. They never are absent unless they are sick. Those are the ones the grouch calls the "Clique." The ones who are never behind with their dues, who come to the meetings and have their own views. They will serve on committees and never say "die." The "Clique" are the ones that always "get by."

IOWA

This is an account of the meeting of the Iowa Industrial Lenders Association, held at Cedar Rapids, Iowa, on March 5, 1925, at the Montrose Hotel.

In the absence of our chairman, T. J. Harrison, W. J. Scheib of Cedar Rapids, acted as chairman pro tem.

W. J. Scheib, address of welcome.

Representatives of the following organizations were in attendance: Burlington Security Co., John F. Miller, Burlington; Beneficial Loan Society, W. J. Scheib, Cedar Rapids Loan Co., W. L. Glessner, Cedar Rapids; Commonwealth Loan Co., H. H. Hunt, Clinton; Iowa Loan Company, Jay Cherniack, Council Bluffs; Commonwealth Loan Co., V. Fiderlein, Guaranty Loan Co., C. H. Truidson, Davenport; Beneficial Loan Society, V. V. Boehm, Capital Loan Co., Lou. Gottlieb, Des Moines Loan Co., Wm. De Beaulieu, Globe Loan Co., H. L. Davidson, Loyal Loan Co., Chas. M. Dehnert, M. Aliber & Co., M. Aliber, State Loan Co., E. L. Levitt, Des Moines; Beneficial Loan Society, C. L. McCauley, Dubuque; Ft. Madison Security Co., F. R. O'Malley, Heitzman Land & Loan Co., O. B. Heitzman, Fort Madison; Thos. H. Meickley, Marshalltown; Liberty Loan Company, Mr. Roth, Ottumwa; Mutual Loan Company, J. L. Levitt, Sioux City; Black Hawk Loan Company, G. L. Beall, C. E. Frederick, State Loan Co., T. J. Harrison, Waterloo.

Other men interested in the loan business that were present: D. R. Reynolds, Indianapolis, Ind.; C. G. Liggett, New York City; W. S. Steely, Waterloo, Iowa.

E. L. Levitt, of Des Moines, gave a short talk on State and National Publicity. C. G. Liggett, of New York, volunteered to appear before any civic club or organization for the purpose to further the cause of our publicity campaign.

A motion was made and seconded that the secretary shall have authority to select a certain city and have the coöperation of a local member for the purpose of arranging for a speaker, to appear before a contemplated Civic Meeting, in order to explain the advantageous effect of the small loan business. The following men have been assigned as prospects to carry out this work: T. J. Harrison, Waterloo, Iowa; D. R. Reynolds, Indianapolis, Ind.; C. G. Liggett, New York City; A. R. Dana, Chicago, Ill.; B. E. Henderson, Chicago, Ill.

Motion made and seconded that we adopt the resolution to have Code of Ethics arranged in condensed form in order to frame and hang in the offices.

Motion made and seconded that the secretary appoint a member in each city for the purpose of distributing to the different organizations and civic bodies, pamphlets known as Code of Ethics, cost incurred in this particular instance to be defrayed by each individual office.

C. G. Liggett gave a short talk urging a one hundred per cent membership in the national organization. D. R. Reynolds corroborated his statement explaining the benefits to be derived from affiliation with the National Association.

Morning session adjourned.

After lunch an invitation was extended by the Cedar Rapids lenders to visit the local offices.

Meeting called to order at 2 p. m. The acting chairman reported that T. J. Harrison wired that he would be present to still take advantage of the afternoon session.

The chairman appointed the following members to solicit membership for the State and National Associations: Chas. M. Dehnert, Chairman, Des Moines, Iowa; J. H. Kelso, Sioux City, Iowa; W. J. Scheib, Cedar Rapids, Iowa.

New members added to the National Association: Des Moines Loan Co., Des Moines, Iowa; Globe Loan Co., Des Moines, Iowa; Guaranty Loan Co., Davenport, Iowa.

New members added to the State Association: Guaranty Loan Co., Davenport, Iowa; Capital Loan Co., Des Moines, Iowa; Black Hawk Loan Co., Waterloo, Iowa; Liberty Loan Co., Ottumwa, Iowa.

T. J. Harrison, our chairman, arrived to take charge of the afternoon session. The acting chairman cordially welcomed Mr. Harrison and withdrew from the chair.

Continuing with the afternoon program the question box was then introduced and every one present was urged to participate. Considerable discussion followed which proved to be very interesting and an asset to those present.

T. J. Harrison delivered a very effective and interesting talk on coöperation, pointing out the value of being affiliated with both National and State Associations. Anything of real value is generally covered by insurance, so why would it not be just as imperative to protect one's business by organization.

Afternoon session closed with the regular annual election of the officers of the Iowa Industrial Lenders Association.

T. J. Harrison, reëlected Chairman, Waterloo, Iowa; W. L. Glessner, Vice-Chairman, Cedar Rapids, Iowa; V. V. Boehm, Secretary, Des Moines, Iowa; Wm. De Beaulieu, reëlected Treasurer, Des Moines, Iowa.

Executive Committee: H. H. Hunt, Clinton, Iowa; C. H. Truidson, Davenport, Iowa; E. L. Levitt, Des Moines, Iowa; T. J. Harrison, Waterloo, Iowa; W. L. Glessner, Cedar Rapids, Iowa; V. V. Boehm, Des Moines, Iowa; Wm. De Beaulieu, Des Moines, Iowa.

Membership Committee: Chas. M. Dehnert, Des Moines, Iowa; W. J. Scheib, Cedar Rapids, Iowa; J. H. Kelso, Sioux City, Iowa.

Motion made and seconded that the meeting adjourn to partake of the evening banquet and smoker. Considerable credit is due to the Cedar Rapids members for the efficient and coöperative manner in which the State meeting was handled.

J. I. Levitt, of Sioux City, and H. Davidson, of Des Moines, were given a rising vote of thanks for the splendid evening program.

VIRGINIA

The regular meeting of the Virginia Lenders Association was held at the Southland Hotel, Norfolk, Va., March 19, 1925.

The business meeting was called to order by Chairman East at 2 p. m.

By order of the chair the minutes of the previous meeting were read and approved.

The secretary called the roll and the following members were present: Citizens Loan Society, Empire Company, Norfolk Loan Society, Norfolk Security Co., National Small Loan Society, Atlantic Small Loan Co., Beneficial Loan Society, of Norfolk; Portsmouth Security Co., Beneficial Loan Society, of Portsmouth; Citizens Loan Society, United Small Loan Corp., Personal Small Loan Corp., Virginia Small Loan Corp., Beneficial Loan Society, Home Guarantee Co., of Richmond; Federal Security Co., of Lynchburg.

We also had with us V. D. Moss, of Philadelphia; Lee Pumphrey, of Baltimore, and A. C. Christensen, of Wilmington, Del.

Secretary.—Secretary Bray reported that he had received notice of resignations from four offices for the members to pass upon at this meeting, and this would bring down the membership to 23 members. He also brought up the matter of the $10.00 monthly assessment for each office, and stated that a few members were delinquent, and therefore we had not got the amount we were supposed to get, namely, $200.00 a month.

Treasurer.—Treasurer Bradshaw reported that we had cash on hand $144.78.

Publicity.—C. S. Phillips, chairman, said he had made arrangements to get a good write-up in the newspapers covering this meeting.

Legislature.—V. D. Moss, chairman, spoke briefly on the arrangements made with our attorney in Richmond, and was satisfied that we had the right man to protect our interests, and the small assessment we had to pay monthly was good insurance.

Executive.—L. E. Pope, chairman, told what he had done regarding uniform papers. He had received a set of papers from each office, but had not made any decision yet. He had consulted an attorney, Virgil R. Goode, of Richmond, and he had agreed to draw up a set of papers for $275. After some discussion this was left over until our next meeting.

Communications.—The secretary read letters from M. E. Bristow, Chief Banking Examiner; C. H. Watts, Chairman of the Legislative Committee of the National Association, and W. G. Wood, of Providence, R. I. He also read a letter from the William I. Marsh Co., Inc., of Chicago, in which they stated they were mailing each member a portfolio of forms which would be of interest to the members.

At the invitation of the members Captain Chadwick, who has charge of the Retail Merchants Credit Exchange at Norfolk, invited the Norfolk members to join their Exchange, and he thoroughly explained their system of handling credit reports. Three of our members had already joined and others thought favorably of it and would consider it.

Resignations.—The secretary read a letter under date of January 31, 1925, from the Universal Small Loan Corp., tendering their resignation for their offices located in Norfolk, Suffold and Richmond. Their resignations were accepted, but on account of them being in arrears with their dues, the secretary was instructed to notify them and send them a bill for the amount due.

The resignation of the Tidewater Small Loan Corp. of Norfolk, which was held over from last meeting, was passed upon and accepted.

New Business.—Mr. Bray brought up the subject of holding our meetings every ninety days, instead of sixty days as we do at present, as he thought the expense of attending these meetings would bring down the attendance if we held them so often. Mr. East, our chairman, spoke strongly against going back to the ninety-day meetings. After considerable discussion it was decided to hold our meetings as we were doing, every sixty days.

The secretary brought up the subject of financing these banquets and explained the Association besides what it collected from the members had to pay from the Association funds $223 at the Richmond meeting. Mr. McMurtrie moved that we assess each member of the Association $10 to cover this deficit. Mr. Pumphrey seconded the motion, and it was carried. The secretary was instructed to bill each member for $10 to take care of this deficit.

Mr. Bradshaw recommended that the members close their office on the following holidays: New Year's Day, General Lee's Birthday (one-half day), Washington's Birthday, Decoration Day, Independence Day, Labor Day, Armistice Day, Thanksgiving Day, and Christmas day. A large majority was in favor of this.

It was decided that our next meeting be held at Lynchburg, Va., Thursday, May 21st.

The chair appointed J. A. Hillsman and A. Long of Lynchburg to act as the Entertainment Committee.

There being no further business the meeting adjourned at 5:15 p. m.

Banquet.—We met in the Banquet Hall at 6:30 p. m., and we all enjoyed a splendid dinner and heard some splendid speeches from prominent men in Norfolk.

Our guests and speakers were Hon. William H. Sargeant, Judge of No. 1 Corporation Court; William R. Brookman, representative of the Norfolk Chamber of Commerce; J. McBride Webb, attorney-at-law; Rev. Howard I. Stewart, pastor of the First Baptist Church; Ralph Gould, Secretary of Norfolk Chamber of Commerce, and William L. Prieur, Clerk of the Corporation Court.

After the speech making was over, the members and the ladies enjoyed themselves dancing. Music was furnished by the Jones Orchestra.

FRANK BRAY, *Secretary.*

LINK v. COMMONWEALTH

(Court of Appeals of Kentucky. Oct. 17, 17, 1924. Rehearing Denied Dec. 5, 1924.)

1. **Statutes Key 141** *(2)—Constitutional provision as to amendments held not to apply to acts not purporting to amend another act.*

Const. § 51, has no application to acts that do not purport to revise, amend, or extend another act, and Ky. St. § 4263—4, was not invalid for not setting out provision of section 4224, notwithstanding any subsequent act of compiler of statutes.

2. **Licenses Key 7** *(3)—Statute imposing license tax on loan business not invalid as discriminatory.*

Acts 1920, c. 158, imposing license tax on those doing business as loan company, is not invalid because banks, trust companies, and building and loan associations are expressly excluded, classification being reasonable.

3. **Licenses Key 7** *(2) Reasonable classification for purpose of occupational tax valid.*

Reasonable classification for purpose of taxation, and especially occupational taxation, is valid exercise of legislative power.

4. **Licenses Key 7** *(2)—Classification for purpose of taxation must be based upon reasonable distinction.*

Classification for purpose of taxation, including occupational taxation, must be based upon reasonable distinction, and must not be purely arbitrary.

5. **Statutes Key 109**—*Title need not contain provision for repeal of inconsistent laws.*

Title of act need not contain provision for repeal of inconsistent laws, though body of act contains such provision, under Const. § 51.

Appeal from Circuit Court, Jefferson County, Common Pleas Branch, Second Division.

Proceedings by the Commonwealth, through its Revenue Agent, against A. M. Link, doing business in the name of the Louisville Loan Company. Judgment for the Commonwealth, and defendant appeals. Affirmed.

Fred Starck and Doolan & Doolan, all of Louisville, for appellant.

D. O. Myatt, of Louisville, for the Commonwealth.

THOMAS, J. The General Assembly at its 1920 session enacted chapter 158, p. 678, of the published acts of that session, which was a wholly independent act, and imposed an annual license tax on certain named avocations and professions including those "of doing business as a loan company," the amount of the annual tax on such a business being fixed at $250. Appellant, A. M. Link, prior and subsequent to that time was and has been individually engaged in that business in the city of Louisville, and he declined to pay the tax for two of the years since taking effect of the act, and this proceeding was instituted against him in Jefferson County by the Commonwealth through its revenue agent, as is provided by section 4263—4 of the 1922 Carroll's Edition of Kentucky Statutes. Payment of the taxes, including the imposed penalty for such refusal was resisted by appellant upon the ground that the 1920 act was unconstitutional because (1) it was in violation of the provisions of section 51 of that instrument, and (2) that banks, trust companies, and building loan associations were expressly excluded from the operation of the act and that exclusion worked, as contended, an unlawful classification and rendered the act inoperative as to appellant. The court ruled against him and rendered judgment in favor of plaintiff for the license fees for the two delinquent years with a 20% penalty thereon, and complaining of that judgment he prosecutes this appeal.

[1] It is urged in support of ground (1) that by an act of 1906, which was subsequently incorporated in the Kentucky Statutes as section 4224 as a part of the statutes on revenue and taxation, the same occupations covered by the 1920 act were annually taxed at named rates, and that the effect of the latter act was to amend the then section of the Kentucky Statutes, which was the 1906 act, and that it was therefore necessary, under the provisions of section 51 of the Constitution, to set out in the 1920 act the entire 1906 act as amended by the later act; all of which would be true if the 1920 act had purported on its face, either in its title or in its body, to amend the 1906 act or any other existing statute, as this court has held in an unbroken line of decisions, two of the latest of which are Board of Penitentiary Commissioners v. Spencer, 159 Ky. 255, 166 S. W. 1017, and South v. Fish, 181 Ky. 349, 205 S. W. 329. There are many other intervening ones. But in the Spencer Case, the contention here made was expressly decided against appellant in these words found in the opinion on page 263 (166 S. W. 1021):

"This part of the section [51] has of course no application to acts that do not purport to revise, amend, or extend another act or law. When the Legislature comes to enact new laws under appropriate titles, its power is not in any manner limited by this provision, and it may act entirely independent of and without reference to it. Of course many laws that are enacted by the Legislature touch in some way existing laws either by amending, extending, or repealing them; but notwithstanding this, the Legislature, by a new act that does not purport in its title or body to amend, revise, or extend an existing law, may in fact revise, amend, or extend it, free from the control of section 51, and this has been often done."

All of our other opinions dealing with this phase of the application of section 51 of the Constitution have steadfastly followed the construction announced in the Spencer opinion, and which conforms to the general law as applied by other courts, as will be seen from the text in 25 R. C. L. 874. There is nothing in the 1920 act to exclude it from the rule announced in the Spencer Case and in the referred-to text, and this objection to its constitutionality, in so far as it relates to the occupations therein named, cannot be sustained, although its effect was to modify, alter, or amend by implication the 1906 act relating to the same occupations. The reason underlying such an interpretation need not herein be repeated further than to add that the purpose in requiring that the amendatory act should set out the completed statute as amended, and the mischief sought to be remedied by such requirement, does not exist in the enactment of a new and independent act. That purpose was to prevent the members of the Legislature from being misled and deceived by the failure of the amendatory act to set out in full the act as finally amended. No such misleading or deception could occur in the enactment of an entirely independent act, which by implication would substitute or take the place of a prior act dealing with the same subject matter or matters, and which, by reason of being inconsistent with the prior act, would repeal it by implication. Neither are we authorized to consider, in the determination of the question, the fact that the compiler of the last edition of the Kentuck Statutes inserted the 1920 act, as to the occupations to which it related, in lieu of the same provisions in reference to the same occupations in the 1906 act, since the act of the compiler in so doing was but carrying out his policy of convenient arrangement, and which act on his part forms no step in the established legislative provisions in this commonwealth. The court was therefore not in error in overruling this ground.

[2-4] Neither do we think ground (2) is tenable. The right of reasonable classification for the purpose of taxation and especially occupational taxation has long since been adhered to in this commonwealth, and the authority and power of the Legislature to do so has been recognized by this court in numerous cases. It is true that such classifications must be based upon a reasonable distinction and must not be purely arbitrary; but it is easy for us to observe not only a reasonable but a wide distinction between what may be termed ordinary loan companies and banks, trust companies, and building loan associations. Our statutes provide for a different method of assessment and taxation of such companies and corporations and for a regulatory supervision of them, which is at least a legislative recognition that their business is quite distinct from that of the ordinary money lender, who follows such a business as a regular avocation. One prominent and, as we think, sufficient distinction, justifying the classification, is that banks, trust companies, and building loan associations do not merely lend their own money, but in addition thereto they are made, by the very nature of their business, the custodian of the money of others, and for which, as well as the proper handling of which in some of them, they are responsible to their patrons. The ordinary money lender handles no one's cash but that of his own and is responsible for no deposits made with him or investments made by him of the accumulated fund arising from paid-in capital on stock which belongs to the paying stockholder, and that distinction alone is sufficient, as we conclude, to place such institutions in a different class for the purposes of taxation from others engaged in the business of lending their own money only. A case sustaining the classification here involved is that of City of Newport v. Frankel, 192 Ky. 408, 233 S. W. 884, in which others are referred to.

[5] Another argument made in briefs is that the title of the 1920 act contains no provision for the repeal of other inconsistent laws, while the body of the act contains such a provision. But under similar constitutional provisions as to the requirement of the title of an act as are contained in section 51, it is held that the inclusion of an express repealing clause of other inconsistent acts in the body of the statute will not affect its validity because no such repealing reference is made in the title. In all such cases the repealing clause, in the body of the act is germane to its subject, as stated in the title, because if the last act is inconsistent with a prior one, it is repealed by implication, and the express repealing clause in the later act neither adds to nor detracts from its effect; and that rule of interpretation was adopted by us in the case of Burton v. Bryant, 199 Ky. 447, 251 S. W. 192.

We therefore conclude that the judgment was proper, and it is accordingly affirmed.—*Southwestern Reporter, Dec. 24, 1924.*

WIGHT et al. v. BALTIMORE & O. R. CO. et al. (No. 8.)

(Court of Appeals of Maryland. June 7, 1924. Motion for Reargument Overruled July 1, 1924.)

1. **Assignments Key 3**—*Purpose of statute restricting assignments of wages is remedial and within police power.*

Code Pub. Gen. Laws, art. 8, §§ 11-17, is remedial in character, designed to protect wage earners, assigning their wages, from greed and rapacity of unscrupulous persons, who might exploit their necessities and misfortunes for profit, which purpose is within the police power of the state to regulate.

2. **Assignments Key 3—Constitutional law Key 296 (1)—Pawnbrokers and money lenders Key 2**—*Statute regulating assignments of wages held valid.*

Code Pub. Gen. Laws, art. 8, §§ 11-17, requiring certain formalities in assignments of wages, *held* not to violate "due process of law," even if the business of unrestrained buying of wages at a discount could be considered property.

3. **Constitutional law Key 81**—*Right to pursue any lawful occupation is "property," but subject to state regulation, if injuriously affecting public.*

While the right to pursue any lawful occupation or calling is generally recognized as "property," within the "due process" clause of the Federal Constitution, the state may regulate it, under its police power, when its unregulated operation may injuriously affect the welfare of others.

[Ed. Note.—For other definitions, see Words and Phrases, First and Second Series, Property.]

4. **Pawnbrokers and money lenders Key 1**—*Business appropriate for regulation under police power.*

The business of money lending and buying assignments of wages is in its nature appropriate for state regulation under its police power.

5. **Constitutional law Key 81**—*State may regulate and limit right of contract under police power.*

While, as a general rule, all competent persons are free to make any contracts they please, not contrary to public policy or positive law, the state may, in exercise of its police power, regulate and limit that right.

6. **Constitutional law Key 296 (1)**—*Requirements of statute regulating assignment of wages held not unreasonable.*

Code Pub. Gen. Laws, art, 8, §§ 11-17,

requiring that assignments of wages be acknowledged by assignor and his wife and entered on books of justice of the peace, that copy be served on the employer, that proof of service be by employer's admission indorsed on certificate, and that assignor make oath that he has not and will not pay more than 6 per cent interest, *held* not unreasonable as respects due process; other proof of service in lieu of employer's admission not being excluded.

7. Constitutional law Key 296 *(1)—No distinction between assignment of earned and unearned wages as bearing on reasonableness of statute.*

On question of reasonableness of statute regulating assignments of wages, no logical distinction can be drawn between earned and unearned wages, because the right to earn money is as much "property," and within Const. U. S. Amend. 14, requiring "due process," as earned wages.

Appeal from Circuit Court of Baltimore; Carroll T. Bond, Judge.

"To be officially reported."

Action by Edward L. Wright and another trading as Baltimore Finance Company, against Baltimore & Ohio Railroad Company and another. Judgment for defendants, and plaintiffs appeal. Affirmed.

Argued before Pattison, Urner, Adkins and Offutt, JJ.

Allan H. Fisher and Joseph C. France, both of Baltimore (Jerome Sloman and Fisher & Fisher, all of Baltimore, on the brief), for appellants.

Duncan K. Brent and David G. McIntosh, Jr., both of Baltimore (Allen S. Bowie, of Baltimore, on the brief), for appellees.

Offutt, J. The single question presented by this appeal is whether chapter 399 of the Acts of 1906, codified as sections 11 to 17, inclusive, of article 8 of the Code of P. G. L. of Md., conflicts with any provision of the State or Federal Constitution, and that question arises in this way:

On July 30, 1923, the Baltimore & Ohio Railroad Company owed Wm. L. Miller, one of its employes, $21.50 in earned wages, and on that day Miller offered to sell and assign his claim for that amount to the appellants in this case for $20. They accepted his offer, and he accordingly assigned the claim to them, and they paid the $20 to him, and notified the railroad company, which at that time owed Miller an amount equal to the claim of $21.50 of the assignment; but that company refused to recognize it, and informed the appellants that it would pay Miller the whole amount due him as though it had not been made. The appellants thereupon filed in the circuit court of Baltimore city a bill of complaint against both Miller and the railroad company, in which they set out the facts referred to, with other facts not material to the question before us, and which need not be further referred to here, and in that bill they asked for the following relief:

"(a) Discovery as to the said defendants and each of them, and that they be required to discover the entire earnings of the said defendant Miller in the capacity of brakeman for the month of July, 1923.

"(b) That the said court may assume jurisdiction over said fund and determine the rights of the parties hereto.

"(c) That the plaintiffs may have a decree in personam against each of said defendants for said sum of $21.50."

The defendants answered the bill severally, and in their answers, among other things, they averred that the assignment upon which the appellants relied was not made in accordance with the requirements of sections 11 to 17, of article 8, C. P. G. L. of Md., and was consequently void. There were other allegations of fact in the answer, which under the pleadings are not material to this inquiry, and are not before us, and will not therefore be considered.

The complainants demurred to so much of the answer as relied upon the statute referred to, on the ground that it violated both the State and Federal Constitutions and was void, and as to the remaining averments of fact in said answer they joined issue. So that the whole case finally turns upon the constitutionality of that statute, since it conclusively appears that the assignment does not comply with its terms and that, if the act is valid, the assignment is for that reason invalid.

That fact added eight new sections to the eighth article of the C. P. G. L. of Maryland, entitled "Assignment of Choses in Action," numbered 11 to 17. Sections 11, 12, and 13 read as follows:

Section 11: "No assignment of wages or salary shall be valid so as to vest in the assignee any beneficial interest, either at law or in equity, unless such assignment be in writing, signed by the assignor and acknowledged in person by him or her before a justice of the peace in and for the city or county, as the case may be, in which the assignor resides, and entered on the same day by said justice of the peace upon his docket; and unless further, within three days from the execution and acknowledgment of said assignment a true and complete copy thereof, together with the certificates of its acknowledgment, be served upon the person, firm or corporation by whom said wages or salary are due or to become due, in the same manner that the summons in chancery is now required by law to be served: Provided, however, that no assignment of wages or salary by a married person shall be valid unless the same is also executed and acknowledged as above by the assignor's wife or husband, as the case may be."

Section 12: That "proof of said service, as provided for in the preceding section, shall be by an admission thereof in writing by the person, firm or corporation, his, their or its agent on the original assignment, which admission of service shall also be entered by said justice of the peace upon his docket within two days thereafter."

Section 13: That "in addition to said acknowledgment to be made by said assignor, he or she, as the case may be, shall make affidavit that he or she has not paid, and will not, directly or indirectly, pay more than the legal rate of six per centum per annum on any sum borrowed, or permit a deduction from said sum so loaned to him or her at the time of said loan, or any time thereafter, of more than a sum equivalent to six per centum per annum for the time said loan is made."

Section 14 defines the term "Assignment," section 15 deals with the effect of usury in connection with assignments under the act, section 16 refers to the assignment of future earnings, and section 17 prescribes and defines the consequences resulting from a violation of the act, as well as the remedies which may be pursued in such a case. We have said that the assignment was not executed in compliance with the terms of the act, and that conclusion is inevitable from a comparison of its terms with those of the act. The assignor signed and sealed an application, which in part read as follows:

"Application to Sell an Undivided Interest in My Account for Wages or Salary. * * * I hereby make application to sell to Baltimore Finance Company an undivided interest in an account due me by my employer for wages or salary already earned during the month of July, 1923, in the capacity of brakeman. * * * This transaction is an absolute and unconditional sale, and not a loan or advance of money, and is not a discount; I am not a debtor to the purchaser; this is an original transaction, and is not a renewal or extension of any kind. I agree to take $20 for said account, and hereby authorize the purchaser, in my name and stead, and as my attorney in fact, to sign any and all checks, vouchers, receipts, and acquittances necessary and proper to be signed in order to collect said account."

The "assignment," which is also under seal and signed by the assignor, but neither acknowledged nor sworn to, contains in part these statements:

"For value received, I hereby sell to Baltimore Finance Co., doing business in the city of Baltimore, Maryland, an undivided interest in my account for salary or wages, already by me earned during the month of July, 1923, said interest amounting to $21.50, and due me by Baltimore & Ohio R. R. Co., my employer. I hereby direct my said employer to pay to Baltimore Finance Co. said amount. * * * This is an absolute and unconditional sale of an undivided interest in said account, and is not a loan or advance of money, and is not a discount; I am not a debtor to the purchaser; this is an original transaction, and is not a renewal or extension of any kind. * * * I hereby authorize the purchaser of this account, in my name and stead, and as my attorney in fact, to sign any and all checks, vouchers, receipts, and acquittances necessary and proper to be signed in order to collect said account and to evidence the payment of the same."

These two documents appear to constitute a somewhat ingenious, very sincere, and needlessly elaborate effort to escape the provisions of the act in question. But, as the assignment is obviously within the scope of the act, the appellants' contention that it is valid rests necessarily upon the propositions:

(1) That the act itself is unconstitutional, and in support of that contention they say:

"So far as it deals with the claims for wages or salaries actually earned, it is clearly an unwarranted interference with the owner's liberty of contract and right of property, and is void under the 'due process' guaranty of our fundamental law."

(2) That the provisions of the act are impossible of performance, and (3) that it has been repealed by implication by the passage of the Petty Loans Act. 4 Code Pub. Gen. Laws, art. 58a.

[1] This act is remedial in character, and its apparent purpose is to throw around transactions such as that involved in this case such safeguards as will protect the wage earner, who may be a party

to them, from the greed and the rapacity of unscrupulous persons, who might exploit his necessities and misfortunes to his loss and their profit. That purpose is certainly within the police power of the state, and the only question open is whether in its attempt to effect that purpose the Legislature has in this act violated any of the privileges secured to the citizen by the guaranties of the State or Federal Constitution. And in dealing with that question we cannot disregard the consideration that any act designed to accomplish such a purpose must be sufficiently definite and comprehensive in its selection of the means and methods designed to effect it to frustrate the energy and ingenuity of the class at whom it is aimed, who so often regard the privilege of exploiting the necessities of borrowers as a vested property right. And while there should be no paltering with any real assault upon the rights, privileges, and immunities guaranteed to the citizen by the Constitution of this state or of the United States, on the other hand there can be no justification for restoring to strained, forced, technical, or tenuous reasoning in the construction of those charters, in order to strike down an act of the Legislature passed in the ostensible exercise of the police power of the state and in the public interest.

[2] The first concrete objection to the act is that it deprives the appellants of their property without due process of law. But the force of that objection is not apparent. The act took from the appellants no property, unless the business of buying without regulation or restraint wages at a discount is property. And while, under the facts of this case, we know of no definition of "property" which could include that privilege, yet if that privilege could be considered property the appellants were not deprived of it without due process of law, whether we assume that the word "property" relates to the particular assignment involved in this case or to the privilege of buying such assignments generally as a business, because there is nothing in the act which purports to affect rights acquired in transactions prior to its passage, and all transactions after its passage were carried on with knowledge and notice of its existence and subject to its terms.

[3] These principles are in accord with the general trend of judicial authority and may be regarded as established; for while the right to pursue any lawful occupation or calling is generally, if not universally, recognized as property within the "due process" clause of the Federal Constitution, yet, on the other hand, the right of the state to regulate such a business, when its unregulated operation may injuriously affect the welfare of others is equally well settled. For as said in Schaake v. Dolley, 85 Kan. 598, 118 Pac. 80, 37 L. R. A. (N. S.) 877, Ann. Cas. 1913A, 254:

"The right to liberty and the pursuit of happiness includes the right to employ one's faculties and property in a gainful occupation of his own choosing. This right, however, has never been regarded as absolute by either the English or the American law. While it is properly spoken of as fundamental and inalienable, it is nevertheless qualified to the extent that the sovereign power may interfere with its enjoyment through regulations necessary or proper for the mutual good of all the members of the social whole. One of the highest ends of civil government is the protection of the individual in the enjoyment of the fundamental rights enumerated in the Bill of Rights. The idea of those rights should be pervasive in civil institutions or government is likely to become a nuisance and a scourge. But if the individual insist upon them to the detriment of other individuals possessing the same rights, or to the detriment of the security, good order, common good, and general welfare of the entire social body of which he is a member, he is likely to become a nuisance."

And whether the operation of a given business or occupation will have such an effect is, as stated in Gundling v. Chicago, 177 U. S. 183, 20 Sup. Ct. 633, 44 L. Ed. 725, a question for the state to determine in the proper exercise of the police power. In that case the court, in stating that principle, said:

"Regulations respecting the pursuit of a lawful trade or business are of very frequent occurrence in the various cities of the country, and what such regulations shall be and to what particular trade, business, or occupation they shall apply, are questions for the state to determine, and their determination comes within the proper exercise of the police power by the state, and unless the regulations are so utterly unreasonable and extravagant in their nature and purpose that the property and personal rights of the citizen are unnecessarily, and in a manner wholly arbitrary, interfered with or destroyed without due process of law, they do not extend beyond the power of the state to pass, and they form no subject for Federal interference."

See, also, 6 R. C. L. pp. 217, 266, 269; 12 C. J. 958.

[4] That the business of the appellants is one which the state may properly, under the police power, regulate, we do not doubt. In the very nature of the thing, money lenders or wage brokers carry on a business public in its nature, and in dealing with necessitous persons often incapable through ignorance or the impelling force of their needs from protecting themselves have opportunities for extortion and unfair dealing which, unless restrained by proper and reasonable regulations, they may use to the detriment and injury of their patrons.

[5] The question finally comes, then, to the reasonableness of the regulations provided in the statute in question; but, before dealing with that question, we will advert for a moment to the objection that the regulations in the statute under consideration unreasonably restrain the freedom of contract, guaranteed to the appellants by the "due process" clause of the Federal Constitution. While it is true as a general rule that all competent persons are free to make any contracts they please which are not contrary to public policy or positive law, that rule is subject to the qualification that the state, in the exercise of its police power and in the interest of the public welfare, may regulate and limit that right. 12 C. J. 948. In Taylor on Due Process, 493, the author, after quoting this statement from Adair *v.* United States, 208 U. S. 161, 28 Sup. Ct. 277, 52 L. Ed. 436, 13 Ann. Cas. 764:

"Such liberty and right embrace the right to make contracts for the purchase of the labor of others, and equally the right to make contracts for the sale of one's labor; each right, however, being subject to the fundamental condition that no contract, whatever its subject matter, can be sustained which the law, *upon reasonable grounds, forbids as inconsistent with the public interests, or as hurtful to the public order, or as detrimental to the common good,"*
—said:

"In the italicized portion of the opinion just quoted, the court has emphasized the fact that the rights of life, liberty, and property are all subject to certain sovereign powers of the state, such as the taxing power, the power of eminent domain, and the police power. Such rights are not therefore in any strict sense either absolute or 'unalienable.' No man is at liberty to carry on a business injurious to the public morals or health, or to enter into immoral contracts."

And in 6 R. C. L. 269 et seq., the same principle is stated in this way:

"The right to make contracts is not absolute, but is subject to certain limitations. Congress, for example, in the regulation of commerce with foreign nations and among the several states, may circumscribe the individual's liberty of contract, and the same power may be exercised by any state for the promotion of the health, safety, morals, and welfare of those subject to its jurisdiction. * * * The Legislature may deny the right to contract to those who are incapable of binding themselves thereby, or it may prohibit the making of contracts, when it becomes necessary to protect the rights of others. The power of the Legislature to regulate a business for the protection of the public carries with it the power to control and regulate the right to contract in relation to it. While, therefore, the right to contract may be subject to limitations growing out of the duties which the individual owes to society, the public, or the government, the power of the Legislature to limit such right must rest on some reasonable basis, and cannot be arbitrarily exercised."

And so in respect to this objection also the ultimate inquiry is not whether the Legislature had the power to regulate the making of such contracts as that involved here, for that we regard as settled, but whether the manner in which it regulated them is reasonable.

[6] This statute does not prohibit assignments of earned wages, but it does make certain formalities incident to their execution essential to their validity—that is to say, it requires (1) that they be acknowledged before a justice of the peace in and for the county or city where the assignor resides, and entered on the books of said justice; (2) that within three days from the execution of such an assignment a copy thereof, with certificate of acknowledgment, shall be served upon the employer in the same manner as process is served in "chancery"; (3) that, if the assignor be married, it be also acknowleded by the husband or wife as the case may be; (4) that proof of service shall be by the admission thereof by the employer indorsed on the original assignment; and (5) that the assignor make oath that he has not paid and will not pay more than 6 per cent per annum interest on the sum borrowed.

Assuming that any regulation is permissible, we see nothing unreasonable in the first, second, third, and fifth of these requirements, when we remember the evil the Legislature was trying to remedy.

They do give to the transaction a certain publicity, but they impose no conditions which the parties to any bona fide assignment could not readily perform. If the fourth condition, relating to proof of service, were to be construed literally, it would give to the employer the power to nullify an assignment by refusing to admit service of the copies required to be served upon him, and would be unreasonable and void; but that provision was obviously only designed to afford an alternative mode of service, and not to exclude other proof of service, such as that provided in section 11, or the testimony of any one making actual service on the employer. These conclusions are, we think, supported by sound reason and the weight of authority, although there is some conflict in the decisions dealing with the question.

In Shaffer v. Union Mining Co., 55 Md. 74, this court said, in referring to a contention made in that case that the statute there involved prevented any assignment:

"To accord to this law the construction contended for by the appellee, and which was given it by the learned judge who decided this case below, would be doing unwarranted violence to the rights of the employees over the fruits of their own labor. It would be preventing their use of their wages, which might have been accumulating in the employer's hands, in the purchase of property, real or personal, and taking conveyance therefor. If the employer should be slothful in payment, it would prevent his employee, however straitened for the want of it, using his overdue wages by transfer as other people do their choses in action."

But we do not regard that case as in point, because there the court was dealing with an absolute prohibition of an assignment, while we are dealing with the regulation of the manner in which an assignment must be made.

[7] Before referring to the cases dealing with statutes regulating the assignments of wages, we will consider a distinction drawn in some of the cases between statutes which deal with earned and those which relate to unearned wages. But in our opinion there is no logical reason for such a distinction, because the right to earn wages is just as much property, and just as much within the protection of the "due process" clause of the Fourteenth Amendment of the Federal Constitution, as earned wages. And if that distinction is not recognized the case of Mutual Loan Co. v. Martell, 222 U. S. 225, 32 Sup. Ct. 74, 56 L. Ed. 175, Ann. Cas. 1913B, 529, so far as the objection that the act violates the "due process" clause of the Federal Constitution is concerned, is controlling, and in that case it was held that a statute somewhat similar in the general character of its regulatory provisions to that involved in this age, but referring only to unearned wages was sustained. And in that case the court made this very significant and pertinent statement:

"There are other grounds upon which the statute may be sustained than those expressed by the Supreme Judicial Court of the state. As we have seen, it does not prohibit assignments of wages to be earned. It prescribes conditions to the validity of such assignments, and in this it has many examples in legislation. It has the same general foundation that laws have which prescribe the evidence of transactions and the manner of the execution and authentication of legal documents. The laws of the states exhibit in their diversities the power of the Legislature over property, its devolution, and transfer. It is rather late in the day to question that power."

And to the same effect are Thompson v. Erie R. Co., 207 N. Y. 171, 100 N. E. 791; Cleveland R. Co. v. Marshall, 182 Ind. 286, 105 N. E. 570, Ann. Cas. 1917A, 756; Fay v. Bankers' Sec. Co., 125 Minn. 217, 146 N. W. 359, Ann. Cas. 1915C, 688, 43 L. R. A. (N. S.) 746.

The leading case cited by the appellants in support of their contention is Massie v. Cessna, 239 Ill. 352, 88 N. E. 152, 28 L. R. A. (N. S.) 1108, 130 Am. St. Rep. 234; but as interpreted by the court in People v. Stokes, 281 Ill. 159, 118 N. E. 91, that case is not necessarily in conflict with the cases cited, except in so far as it treats the regulation of assignments of "salaries," as distinguished from assignments of "wages," as unreasonable. Referring to that case the court, in People *v.* Stokes, supra, said:

"The case of Massie v. Cessna, 239 Ill. 352, 88 N. E. 152, 28 L. R. A. (N. S.) 1108, 130 Am. St. Rep. 234, is not in conflict with the above view. In that case an act of the Legislature which rendered invalid an assignment of wages or salary, unless it was in writing and signed by the assignor, and duly acknowledged before a justice of the peace, and entered upon his docket, and notice thereof served upon the employer, was held unconstitutional, on the ground it applied, not only to the wages of artisans, mechanics, laborers, and others employed in various manual occupations, but also to salaries and compensation for personal services of highly salaried officers of corporations and public officers, who were not in need of the protection of laws of that kind. * * * It was, however, there pointed out that wage earners were the proper objects of legislation which would tend to protect them from the evils which this statute was designed to prevent, and that such an act would not be rendered invalid because it placed reasonable limitations upon the right to assign such wages as security for an indebtedness, and prescribed a reasonable method to be pursued in making such an assignment effective."

That distinction between salaries and wages, however, is in our opinion too refined and delicate to justify us in recognizing it, and it does not appear to have been followed elsewhere. Cleveland R. R. Co. v. Marshall, supra; Fay v. Bankers, supra.

Without further prolonging this opinion, it is sufficient to say that, after a careful examination of the cases, we have found nothing in this statute in conflict with any provisions of either the State or Federal Constitution. From what has been said it follows that we do not regard the requirements of the act as impossible of performance, nor do we find any support for the proposition that it has been repealed by subsequent legislation.

For the reasons stated, therefore, the decree appealed from will be affirmed.

Decree affirmed, with costs.—*The Atlantic Reporter, Oct. 2, 1294.*

CODE OF ETHICS

All members have been sent their supplies of "Code of Ethics" to which they were entitled under the resolution adopted at the Baltimore National Convention. It was the desire of the convention that all members would put the "Code" into practice and would distribute their supply in their respective communities where they are likely to be most appreciated and advance our educational work.

In order to prevent duplication, we suggest that each member consult with other local "A.A." members for the purpose of circularizing such organizations as Chambers of Commerce, Kiwanis, Lions, Civitans, Exchange Credit Men, judges and other public officials and welfare organizations.

We note with interest that many of the state associations are reprinting the "Code" in convenient form for framing to be hung in each member's office.

NEW JERSEY

The tenth annual session of the New Jersey Industrial Lenders Association was called to order on March 19, 1925, at the Robert Treat Hotel in Newark, N. J., with Vice-Chairman Stephan K. Sturr presiding.

The convention was called to order by Mr. Sturr in a few well chosen remarks in which he welcomed the members and visitors on behalf of the association. After the customary roll call and reports of the nomination offices being read the convention proceeded on the management and Mr. Charles Watts who was to be our toastmaster was seriously ill with ptomaine poisoning and would be unable to attend and it was regularly moved and seconded that a bouquet of flowers be sent to Mr. Watts at the expense of the association. Mr. Young of Philadelphia stated that on his return to Philadelphia he would attend to this matter.

A new plan of advertising which created considerable interest among the members was outlined by Mr. Zimmerman of the Beneficial Loan Society, who stated that the plan besides being of vital interest to the business would be the means of obtaining many new members for the organization. The chair then appointed a committee to study the proposition more fully with a view of later presenting it to the members throughout the state.

Mr. Whitstone of Newark was called upon by the chair on behalf of an appointed committee, which had conferred with the various county clerks in the future with the hope in view of having an amendment passed to the chattel mortgage act permitting the filing of mortgages instead of recording them. Mr. Whitstone stated that he had not been very successful in getting the county clerks association to endorse the proposition but he felt that if the subject was properly presented to the legislature the point would be embodied in the chattel mortgage act.

A lengthy discussion took place which was participated in by many of the members as to the validity of a non-recorded chattel mortgage. Mr. Kaplan of the Equitable Loan Society granted the privilege of the floor discussing the subject and the Secretary then read a section of the old chattel mortgage act (not the Eagan Act) whereunder some doubt was cast as to the validity even between parties. It was finally voted that the Executive Committee be empowered to obtain an opinion from a reputable law firm as to the present status of chattel mortgages on household goods that had not been recorded.

At one o'clock the members were served with a very delightful luncheon on the balcony and at 1:45 the afternoon session was called to order.

Nominating committee being ready to report, they placed the following names in nomination for members of the Executive Committee: A. J. Simonson, P. L. Alberse, J. V. Long, C. H. Watts, A. G. Zimmerman, William Young, J. C. Van Horn, S. K. Sturr and William P. Hansche.

Upon motion report of the nominating committee was received and the committee discharged with thanks by the members. Thereupon the chair called for additional nominations and none being heard, it was moved that the nominations be closed which was duly carried.

At this point a letter was read from Mr. Sol H. Vogel who is now enjoying life in sunny California, in which he expressed his disappointment for not being present at this convention and wishes the association continued success in their various efforts. Upon motion it was ordered that a telegram be sent to Mr. Vogel expressing the thanks and appreciation of the association for the services rendered by him during his years of chairmanship.

Mr. Young, as chairman of the membership committee presented his report showing that there were 42 members at the beginning of the year, 11 new members admitted during the year making the present membership 53. Upon motion the report of the committee was received.

Report of the special committee in connection with advertising, appointed at the morning session thereupon made their report and outlined a plan of joint advertising in different states. The plan carries with it an expenditure of $12.50 per office in a moderate size city. Mr. Zimmerman suggested that this work be done in conjunction with the membership committee as it covers not only the subject of advertising but membership as well. This led to a long discussion as to the advisability of adopting an open door policy in taking in new members. Mr. Young and several others favored this plan. Thereupon it was voted that all licensed lenders in the state who are not under charges nor suspected of illegal practices be admitted to membership by majority of vote. Thereupon it was also voted that in issuing future certificates, the secretary obtain the consent in writing of the new member to return to the association the certificate upon his conviction of a violation of the law; and return of the certificate be entered into the application blanks to be signed by all future applying licensees.

Thereupon Mr. Zimmerman on behalf of the advertising plan obtained consent of a number of members present representing different cities who would act as Chairmen in their respective municipalities for the purpose of putting the advertising plan in execution, Mr. Zimmerman to communicate details directly with these committee chairmen.

The applications of the Commonwealth Loan Co. of W. Hoboken, and the Franklin Loan Co. of Newark, were read and upon motion were admitted to membership with the association.

During the afternoon session the following papers were read which were classed by the association as being the best papers ever presented to a session. They were all well prepared, snappy and to the point: "Good Advertising and Ways of Using It" by Robert S. Kreps, Jersey City; "What a Manager Requires as a Look-up on a Loan" by Fred C. Blatt, Elizabeth; "The Impression to Make on a Borrower When Making a Loan"; "Can Detail Go Too Far?" by Donald H. Cameron, Newark; "Ways and Means of Locating a Hard Skip" by Edward H. Lambert, Camden; "Ways and Means of Curing the Slow Account" by Taylor C. Warden, Atlantic City; "What Progress will Loan Companies Make in the Next Five Years?" by David Armm, Paterson; "Past, Present and Future of Industrial Lending" by John W. Whitstone, Newark.

The New Jersey Association upon motion by Mr. Hansche of Newark adopted a code of ethics as adopted, by the American Industrial Lenders Association at Baltimore, Maryland, September 26, 1924.

The association received telegrams of felicitations and good wishes from the Kiwanis Club of Newark, welcoming the convention to the city and a telegram from the Virginia Industrial Lenders Association at session in Norfolk, Virginia. These telegrams were very much appreciated by the members and the secretary was ordered to acknowledge and extend thanks for the greetings.

The Executive Committee was then empowered by the members to draft a seal or monogram to represent the association to be used in connection with stationery and advertising matters used by the membership, and the stamps or cuts to be sold to the members at cost.

At this point the Executive Committee returned and announced that they had elected the officers: P. L. Alberse, Chairman; Vice-Chairman, S. K. Sturr; Secretary, William P. Hansche; Treasurer, J. V. Long. Past State Chairman J. W. Whitstone, declared the officers elected and called for a confirmative vote on the part of the members present, thereupon the action of the Executive Committee was confirmed.

Installation ceremonies were conducted by Mr. Whitstone, assisted by Messrs. Young and Badger.

Chairman Alberse upon taking the chair thanked the membership for the honor conferred upon him and discussed the open door policy and its meaning in connection with association work, and thereupon appointed the following committee chairmen: Executive Committee, A. J. Simonson; Legislative, C. H. Watts; Membership, William Young; Entertainment, J. C. Van Horn; Publicity, A. G. Zimmerman.

The annual banquet, entertainment and dance was held in the grand ball room of the Robert Treat Hotel at 7:30 P. M. and it was enjoyed by members, friends, guests of which there were about three hundred present. Among those at the speakers' table were the numerous city officials and Mr. Ross Nichols of the Newark Chamber of Commerce, Mr. Lafayette Temple of Baltimore, Md., Mr. Wm. David of the Newark Provident Loan Assn., Ex-Chairman John W. Whitstone and Chairman P. L. Alberse.

The spacious and attractive ball room was decorated and a most excellent program of entertainment was furnished by Brown's Novelty Orchestra of New York City and Charles R. Gallese, Tenor. Dancing continued until 1 P. M., when everyone who attended was satisfied the affair was the largest and most successful ever held by the New Jersey Association.

W. P. Hansche,
Secretary.

NOTICE

If your office has not yet received its 1925 membership certificate there must be a reason and that most likely is due to the fact that some members have neglected to pay their dues which were payable February 1st. Fortunately our records do not show many members delinquent in this respect but we hope within the next month all members dues will be paid to date. May I have your coöperation, please?

Geo. W. Kehr,
National Secretary.

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INDUSTRIAL LENDERS NEWS

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. IX, No. 11. MAY, 1925. Price $1.00 a Year.

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UNIVERSITY OF ILLINOIS

COMING EVENTS

If we can get the State Association Secretaries to coöperate to the extent of sending in to the National Secretary, exact details giving the time and place of their prospective meetings, it is our purpose to publish with each issue of the NEWS, a calendar or schedule of prospective events. The purpose of the schedule is to enable members in different states to attend as many of these events as possible and to give them advance notice. It is also hoped by having a central bureau of information, to avoid conflict of dates of the State Association meetings. In other words, it would be our aim to prevent State Associations holding their meetings on the same date or so near each other that a person desiring to attend the different meetings will have sufficient time to cover the distance that separates one state from another. All State Secretaries should see that the National Secretary is advised on or before the first of each month to insure publication of any information they may wish included in the next issue of the NEWS.

According to our information the annual meeting of the Indiana Association will be held in Indianapolis, Lincoln Hotel, May 20th and 21st. Other meetings will probably occur in the other states but we have no exact knowledge of the time and place. One important event which we do know about is that the next National Convention will be held in Providence, September 2d, 3d, 4th, 5th —headquarters at the Providence Biltmore Hotel. Apropos R. F. Hartz writes:

"It has been suggested by Mr. Watts that an exchange of information between State Secretaries be made in order that the dates of annual conventions would not conflict with each other.

"It appeals to me that the LENDERS NEWS could carry in a small block from month to month this information. The various states could notify you when their next meeting would be held and these could be classed in states, cities and dates, requiring a very small space and the information should be valuable to the loan men who might arrange to be in various locations at the dates when conventions were held."

Other events scheduled are:

MARYLAND.—Annual dinner and dance of the Maryland Industrial Lenders Association, Hotel Emerson, Tuesday, May 12th, at 7 o'clock.

MICHIGAN.—Meeting of the Michigan Industrial Lenders Association, Kalamazoo, Thursday, October 15th.

INDIANA.—Semi-annual Convention of Indiana Industrial Lenders Association, November 18th.

All State Association Secretaries should notify the National Secretary on or before the first of each month the time and place of their prospective meetings to insure advance notice in this column.

OHIO

Under date of April 11th, Col. D. H. Pond, newly elected chairman, sent out the following bulletin relative to Judge Dyer's resignation as chairman of the Ohio Loan Association, which many will read with surprise and regret:

"Your Executive Committee met at Columbus, Ohio, April 9, 1925, at which time Judge J. H. Dyer, who has for many years been our chairman, tendered his resignation, effective at once.

"Setting forth and explaining to the committee that the demands upon his time, occasioned by the rapid growth of the loan companies with which he is actively connected, together with his other business associations and professional duties, had become so extensive that he felt it impossible for him to further devote to the Association the time and attention required by the many and various duties devolving upon him as its chairman.

"Col. D. H. Pond, Vice-Chairman of the Association, was thereupon called to the chair to preside, and the resolution of J. H. Dyer was made the immediate order of business, and after full discussion of Mr. Dyer's request, together with a thoughtful consideration of the reasons therefor, the Executive Committee unanimously adopted the following resolution:

"Be it *Resolved* by the Executive Committee of the Ohio Loan Association that the resignation of J. H. Dyer, as Chairman of said Association, be regretfully accepted, and that we here express to him on behalf of said Association our sincere and deep appreciation for the many accomplishments achieved by him through the faithful, capable and untiring efforts which he has put forth for and on behalf of our Association during the years of his administration, not only for the Ohio Loan Association, but as well for the small loan business throughout the United States, and further that we as individuals express to him our gratitude for the many courtesies which he has extended to us both as individuals and members of the Executive Committee.

"I accept the duties of Chairman of the Ohio Loan Association believing I will have your support on all matters for our mutual benefit. All who know of J. H. Dyer's contribution to the elevation of the small loan business will heartily second the resolution adopted by the Executive Committee of the Ohio Loan Association,"

OUR LEGISLATORS

In securing the passage of the "loan shark" bill, so called, State Senator W. S. Wilkin of this district, and Hon. Harry A. Weiss of Ohio County, have rendered a very great public service.

The bill has for its purpose the limitation of the rates to be secured or collected for temporary loans made by chattel mortgage concerns, and by other money lenders, and also the establishment of institutions that facilitate credit to small borrowers. The bill is framed upon lines that have been adopted in other states and have been found to be practical and helpful.

It is not to be assumed that no members of the Legislature have been active in helping to secure the passage of this law other than Messrs. Wilkin and Weiss. The bill, however, was introduced into the Legislature and fathered by these two members, and has become to be known as the Wilkin-Weiss bill, largely because of the intelligent, active, and persistent advocacy of the bill by these two gentlemen.

Mr. Weiss is one of the older members of the Legislature. He began his service in the House of Delegates from Ohio County in 1911, and has been almost continuously in the Legislature ever since. A working man himself, he is familiar with the problems of working people, and he has given intelligent and earnest consideration to legislative questions. Mr. Weiss stands to-day one of the most influential members of the House of Delegates, an evidence of the wisdom of returning good men to the Legislature continuously.

Senator Wilkin is serving his first term, but has already taken an active, one might say, a leading part, in the deliberations of the Upper House. Strong intellectually, quick, clear in debate, he is proving himself a valuable member.—*The Wheeling Intelligencer, April 3, 1925.*

IT'S EVERYBODY'S JOB

The one-man business is always a small business. As long as it remains a one-man proposition it is bound to be a small concern.

The American Industrial Lenders Association owes its growth and influence to the fact that it has had the wholehearted support of its members in its conduct. It is not a one-man concern and never was.

The job of presenting to the public the claims of industrial lending for their approval and support of it as a useful institution is not a one-man job. It's too big an undertaking for that, no matter how big the man who would undertake it. That's why I want the help of each and

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.
Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Conn.—A. S. Edwards, 42 Bank St., Waterbury.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—Fred Davies, 1 Darby Bldg., Kokomo.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.
Mass.—C. S. Beatty, 262 Washington St., Boston.
Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.
N. J.—P. L. Alberse, Romaine Bldg., Paterson,
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.
R. I.—G. E. Rich, 26 High St., Pawtucket.
Va.—E. P. East, 601 Grace-American Bldg., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, W. M. Snow, 465 Congress St., Portland, Me.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 135 Broadway, New York City.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, G. Hodson, 135 Broadway, New York City.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. C. Moore, 2 East Lexington St., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 135 Broadway, New York City.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

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every State Chairman of Publicity in putting over each month a message which will react to the good of every legitimate lender in the nation.

All I ask is the coöperation of the State Chairman in this. The publicity articles will be prepared and written, and will be sent in quantities desired by the several chairmen, to be distributed by them for publication in the newspapers of their respective territories.

We want to blanket the country with material that will give the public a right understanding of industrial lending, and we can do it with the aid of the local contacts that the State Chairmen have.

If you want to help, get in touch with your State Chairman or write me direct.

R. F. Hartz,
Chairman of Publicity.

347 Bankers Trust Building,
Indianapolis, Indiana.

THREE THOUSAND DOLLARS IN PRIZES FOR FINANCIAL RESEARCH

An unusual opportunity for research and writing in the financial and legal fields is represented in an award of prizes to be made in the autumn by a committee under the chairmanship of Ralph E. Heilman. Professor Heilman is Dean of the School of Commerce of Northwestern University, Chicago. The leading prize amounts to $2,500. Secondary prizes are offered for monographs amounting respectively to $300 and $200. The committee of award is enabled to give these prizes through a donation made by the Chicago Trust Company.

An extensive list of topics for research is published. This includes a number of questions relating to trust company banking. An example is "The Use of Insurance and Trusteeship in the Development and Conservation of Family Estates." Various other subjects in the field of general finance are included, such for instance as "The Reorganization of Jeopardized Business Concerns." The award of smaller prizes for monographs under this offer a year ago resulted in the publication by the A. W. Shaw Company of two business handbooks in the field of investment banking that have attained wide circulation.

The committee of award have adopted a liberal policy in respect to subjects that may be used for essays. They wish to encourage research not only by academic students of finance and law, but also by attorneys and by men and women engaged in practical business and financial pursuits. An announcement of the prizes will be mailed on request sent to the secretary of the committee of award, Professor Leverett S. Lyon, Dean of the School of Commerce and Finance, Washington University, St. Louis, Missouri.

USURY AND USURY LAWS

By Franklin Winton Ryan. Houghton Mifflin Company, Boston and New York, 1924.

An instructor in banking in the Harvard Business School wins a Hart Schaffner & Marx prize for an essay in economics, and Houghton Mifflin Company add it to the long list of Hart Schaffner & Marx monographs. The author has made a thorough study and given us a readable summary of American legislation on usury. He believes that "the typical state usury law...... should be repealed." He would protect small borrowers by the Uniform Small-Loan Law.—*Nation's Business, Feb., 1925.*

WHAT DO YOU DO—

—when one of your employees is in urgent need of financial assistance to meet some unforeseen emergency?

It may be for railroad fare to go to the death-bed of a member of the family or for any one of a dozen good reasons.

It would probably be less embarrassing to the individual in need and more satisfactory to you to have the transaction handled by an organization formed to meet that very need.

Especially when you know the transaction will be handled by men of high standing in their communities and under the supervision of the Department of Trade and Commerce of Illinois.

When employees or friends in need of financial assistance seek your help, send them to us. It will give you an opportunity to learn of the high plane on which the industrial loan business is conducted. We loan any amount up to $300.

For list of members refer to Subdivision 55, page 695, of your Chicago Ass'n of Commerce Blue Book.

ILLINOIS INDUSTRIAL LENDERS ASSOCIATION

Copy of a page ad. in *Chicago Commerce,* March 21, 1925.

WHEN YOU NEED MONEY—

—you instinctively turn to your bank for assistance. You appreciate their help and are thankful that banking institutions exist.

Under conditions prescribed by state and national laws your bank is pleased to serve you.

But what about the individual with a family who is suddenly confronted with the need for money but has no banking credit? It may be only $50, but the need is urgent. His banker in such emergencies is one of the members of this Association.

The entire transaction is handled in the same manner as the loan made by your bank. The business is conducted by men of high standing in their communities and under the supervision of the Department of Trade and Commerce of Illinois.

Direct employees seeking your help, or the help of their immediate superiors, to the members of this Association.

For list of members refer to Subdivision 55 [page 695] of your Chicago Ass'n of Commerce Blue Book.

ILLINOIS INDUSTRIAL LENDERS ASSOCIATION

Copy of a page ad. in *Chicago Commerce,* April 18, 1925.

MAINE

The April business meeting of the Maine Association was held at 6:30 p. m. on the 6th of April, at the Columbia Hotel, at Portland. After the banquet the charming wife of our genial chairman, Mrs. Wesley M. Snow, after a few very fitting remarks, said that she wished to present to the baby Association "a rattle," and then presented the chairman with a beautiful gavel, made from a chair taken from the Longfellow Memorial Building, and one used by the immortal poet. A rising vote of thanks was given Mrs. Snow for her very pleasing remarks and most useful and historic present.

The meeting was called to order by Chairman Snow.

Reading of the minutes of the last meeting.

The secretary called the roll and the following members were present: Mr. Fitzgibbons of the "Personal Finance Co." of Portland; Mr. Snow, Chairman of the Maine Association; Mr. Sulkowitch, Treasurer of Maine Association; Mr. Bernstien of Bangor, of the "Eastern Loan Co."; Mr. Johnson of Lewiston, of the "Dirigo Loan Co."

We also had with us Mr. G. R. Rich, Chairman of the Rhode Island Association, and Harry Channel, Esq., of Port- and.

Mr. Edward J. Lennon and Mr. An- lrew C. Sager of Portland, and Mr. Ed- ward Miller of Auburn were elected nember of the Association.

Report of the Treasurer showed $42.13 on hand.

Moved by Mr. Fitzgibbons and sec- nded by Mr. Bernstein that each mem- er be assessed to pay for services of Attorney Fisher at the State Legisla- ure.

It was voted that the Personal Finance o. be eliminated from paying any part f the assessment, owing to the valuable ersonal work carried on by said Com- any at the State Legislature.

Chairman Snow appointed the follow- g members to act as Publicity Com- ittee: Mr. Fitzgibbons, Chairman, Mr. ulkowitch and Mr. Joseph Bernstein. his Committee is to assist Mr. Arthur Vick and the National Association.

Letter was read by Secretary from Mr. Vickstrom, Secretary of the Rhode Is- nd Association, in regard to the Na- onal Convention, and inquiring if Maine ould be willing to take an active part the program and to help defray part f the expenses.

The question was talked over by all resent, and there being only about one- ird of the members present the senti- ent was that those present did not feel ke voting on such an important matter. n motion of Mr. Bernstein and second- l by Mr. Fitzgibbons it was voted to y the matter on the table until the xt meeting.

A very cordial invitation was given e members by Mr. Bernstein to hold e next meeting at Bangor. Owing to e fact that Mr. Bernstein is the only ember from Bangor and that its being 0 miles away the invitation was not cepted—but the date and place of the xt meeting was left with the Chairman d Secretary to decide.

Secretary Crosby was elected as Dele- te to the National Convention and Mr. as. Bernstein of Bangor was elected Alternate.

Mr. Fitzgibbons, Mgr. of the Personal nance Co. of Portland, and the young- t member of the Maine Association ade some very interesting remarks. e Maine Association is very fortunate having Mr. Fitzgibbons as a member, his talks are always instructive, and can always be counted on when there anything BIG to be put over.

Mr. Rich, Chairman of the R. I. Asso- tion gave us a very interesting talk plaining what Rhode Island is plan- g to put over at the National Con- ntion. His talk was clear and concise d I think Mr. Rich, upon his returning his home and State, will eventually d Maine willing to coöperate.

Harry Channell, Esq., one of the lead- Attorneys of Portland, gave the mbers a fine talk in regard to the esent workings of the Uniform Loan t. A rising vote of thanks was given Mr. Channell and Mr. Rich.

There being no further business, the eting was adjourned.

HENRI S. CROSBY, *Secretary.*

COMMUNICATIONS

PHŒNIX, ARIZONA, April 6, 1925.

We have received your letter of March 30th and thank you for the information contained therein. We are glad to inform you that the Arizona small loan law was not repealed at the last session of the Legislature and we do not believe that there will be any attempt to repeal this law.

We will take up the matter of affiliating with the National Lenders Association, with our Board, at an early date.

Very truly yours,
CITY FINANCE COMPANY.
By G. L. WRIGHT, *Manager.*

NEW YORK, N. Y., April 6, 1925.

We should appreciate it very much if you would send us a copy of the latest edition of the "Year Book of American Industrial Lenders Association." The latest issue we have is the December, 1923, one. Very truly yours,

THE AMERICAN BANKERS ASSOCIATION,
THE LIBRARY,
E. L. BAXTER, *Librarian.*

UNIVERSITY OF PITTSBURGH
Pittsburgh, Pennsylvania

SCHOOL OF BUSINESS ADMINISTRATION
PITTSBURGH, PA., April 4, 1925.

MR. GEORGE W. KEHR, *Secretary,*
American Industrial Lenders Association,
204 Chestnut Street,
Harrisburg, Pa.

Dear Sir: Some months ago you kindly sent me some literature on the subject of industrial loans, including the 1923 Year Book of the American Industrial Lenders Association. I am very much interested in this subject and would like to secure, if possible, a copy of the 1924 Year Book of the Association. I realize the importance of this type of loan and am devoting some time to it in my classes in Banking.

Sincerely yours,
MONTFORT JONES,
Professor of Finance.

MARYLAND

The April monthly business meeting of the Maryland Industrial Lenders Association was held on Tuesday, April 14th at 7:30 P. M. in the Board Room, M. & M. Building, 22 Light Street, Baltimore, Md.

Among those present were: E. E. Hougham, Atlas Loan Society; J. E. Turner, Community Finance Service, Inc.; A. E. Potter, Household Finance Company; C. Howard Hood, Industrial Loan Company of Baltimore; H. T. Mattingly, R. A. Long and C. L. Smith, Master Loan Service, Inc.; Earl Fugate, Roy T. Baseman, Peoples Loan Society; H. C. Moore, Peoples Finance Service Company V. D. Moss of Philadelphia.

Chairman Mattingly was unable to preside owing to the illness of his brother. C. Howard Hood presided. Secretary Moore reported a membership of 19. Two members are in arrears with dues as of January 1, 1925. Forty-nine licensees in the State as of April 13th. In the absence of Treasurer Goldrick, the Secretary reported $228.35 cash in the Treasury. Report of the Exchange Committee showed that the members are happy with the improved service the exchange is giving. Reports covering inquiries are delivered at least two hours earlier than heretofore.

The annual meeting of the Association is to be held on Tuesday, May 12th. The members will assemble at 2:30 P. M. in the meeting room at 22 Light Street for the purpose of receiving reports from the officers covering their activities for the past year and to elect officers for the ensuing year. The Nominating Committee will consist of Messrs. Hougham, Baseman and Moore. At 7 P. M. the members and invited guests will assemble at (Hotel to be decided upon) where an old fashioned Maryland dinner will be served. An entertainment will follow. Chairman Mattingly will appoint a committee at an early date to arrange for the annual dinner, music, speakers, etc.

In as much as our funds are slightly depleted in the treasury, it was unanimously agreed that each office be assessed $10 and $2.50 per plate in order to provide sufficient revenue to meet the expenses of the annual meeting as stated.

No further business to transact, upon motion by Mr. Turner, seconded by Mr. Long, the meeting adjourned.

H. C. MOORE, *Secretary.*

MICHIGAN

The semi-annual meeting of the Michigan Industrial Lenders Association was held at the Durant Hotel in Flint on Thursday, April 16.

Thirty-one members and four non-members were in attendance when the Chairman, Harry Firth of Kalamazoo, called the meeting to order. Several visitors from various states were also in attendance, among whom were Mr. Ray Reynolds of Indianapolis, Mr. Williams of Philadelphia, Mr. C. G. Liggett of Dayton, Mr. Clyde Woodley of Toledo, Mr. Ralph Clinch of the State Banking Department, Mr. B. E. Henderson of Chicago, and Mr. James A. MacBeth of Chicago, and Dr. C. G. Mueller of Philadelphia, who arrived just in time for the banquet in the evening.

The meeting was given to the regular routine of business, reports of officers and committees and general discussion. Mr. Liggett read a very interesting letter on coöperation with credit exchanges, which follows this account. Mr. Bentland of Detroit was selected as delegate to the national convention and Mr. Hanes of Lansing as alternate.

Announcement was made during the meeting that the Uniform Bill which had caused a great fight in the House of Representatives, the opposition to which was led by a Detroit representative, using as an excuse for his opposition that someone had attempted to bribe him to support the bill, had passed with the rate ammended to 3%. The following day, however, the bill was returned to the senate which refused to concur, and the bill was again returned to the House where the amendment was withdrawn and the bill passed on Friday, April 17, at a vote of 59 to 14. The Uniform Bill has now received the Governor's signature. Adjournment of the meeting was made and the members together with their wives assembled in the main dining room of the Durant for the banquet.

Mr. Henderson of Chicago acted as toastmaster and first introduced Mr. C. W. Otto, manager of the Flint Chamber of Commerce. In response to his call, Mr. Otto said, "I am glad to welcome you to Flint. In my job I am rather an official welcomer, but I am personally glad you are here. If one never gets anything else out of a convention or meeting, one surely acquires a new friend or two. If you do not, you are missing a bet." The speaker following Mr. Otto was Mr. Ernest J. Potter, assistant cashier of the Citizens Commercial and Savings Bank of Flint, who said, "You lenders are a necessary part and a beneficial one of any city's business. You take care of a class of business of which we bankers cannot. The old type of lender has gone. In his place have come yourselves, who realize that success is built on a solid foundation of service. We are glad to coöperate with you." Mr. John Ryan of Detroit sketched the history of the loan business and the legislation passed to regulate it in this and other states. Miss Mary Brumfield of Royal Oak, Mr. Ralph Clench of the State Banking Department, Norman Buckner of Pontiac, and Dr. Mueller of Philadelphia also acknowledged calls from the toastmaster. The balance of the evening was given to dancing.

The entertainment committee consisting of Mr. Norman Buckner who, together with his two brothers, Ira and Seymour of Flint, were responsible for the fine entertainment. They deserve the congratulation and thanks of everyone present for the finest meeting since the organization of the Michigan Association.

The next meeting will be held in Kalamazoo on Thursday, October 15.

The following interesting letter was read by Mr. Liggett at the Michigan meeting:

April 15, 1925.

Mr. C. G. Liggett,
402 Commercial Bldg.,
Dayton, Ohio.

My Good Friend Mr. Liggett:

Many communications have reached me concerning endeavors of Loan Group Associations and Bureaus. In calling to your mind the Dayton Industrial Lenders Association, we cannot believe the Industrial Lending Field has had a thorough opportunity to learn of a tried and successfully operated Association. Therefore, we take great pleasure in broadcasting through an earnest worker and loyal friend, the many advantages of a working group expressing National sentiment and embodying local problems that are common in other lending fields.

Much has been said of the Loan Exchange Bureau operated by Loan Managers exchanging their information with one another in friendly and unbiased spirit. Frankly I am not in accord with this movement because I am a firm believer in Credit Bureaus wherein loan companies participate with other professions and mercantile activity. Why? You may ask, and are well aware that I am a Bureau worker, a Bureau advocate and follower. But, a Bureau in harmony with a broad business, covering the entire field of credit uses, from the dairyman, who in modern tongue, gives you your start, and the director of solemn ceremonies, who puts you away when your life work is done. In line with the thought of Bureau activity let us first be thoroughly familiar with loan ethics, then see how closely the Great Institution of National Association of Credit men dovetail the operation of the independent loan exchange Bureau, offering the many benefits and advantages never before available to Industrial Lenders.

Nearly a year ago the Dayton Industrial Lenders Association came into its own through the effort of the coöperating credit bureau and after the splendid work of the local managers, whose spirit is manifest in my communication to you. It would be well for other cities to taste of this, the civic pride and wonderful capacity for community service as have our members, as they are precedented only by the splendid work of the National Industrial Lenders who have opened the way for the earned advancement of this now recognized profession.

Our association is built around INSURANCE, the very fundamental protection so essential to all business. For the benefit of your constituents, let us take it in points.

1. Why Insurance:

Because insurance is organization for common good, the mustering of dormant forces long laying in wait for the wide awake community to put to play. Therefore, an Industrial Lending Association coöperating with your National and Local Credit Association.

2. How Insurance:

How muster these unforeseen forces to good and beneficient causes? By every local Industrial Loan Company soliciting its Local and National Bureau for assistance in better solving its credit insurance problems or write the Secretary of the Dayton Industrial Lenders Association for an outline of ways and plans or methods now employed here. The Dayton Industrial Lenders Association have established themselves by adopting a constitution and by-laws regulating its field and power through the employment of ideas now embodied in the code of ethics of the National Industrial Lenders Association and Ohio Loan Association.

3. What do we accomplish by adopting this form of Credit Insurance?

That depends largely upon the interest displayed in your group, and how well you believe in what your National and State organizations of Loan and Credit Men tell you. A few of the accomplishments of the Dayton Association have been:

A. Prevention of the doubling up of loans with one company and another. To do this we have established a loan file containing the accounts of every member of the Association which includes all of the Industrial Lenders of this city. These records have been successfully coded and arranged so as to prevent any suspicion of uses other than embodied in our agreement between the Local Credit Bureau and ourselves. Each member reports to the Bureau daily its new accounts and other Ledger experiences, changes of addresses, suits, replevins, etc.

B. Regulation of auctioneers activity. A bit of local friendly legislation regulating payments of due balances to interested merchants whose accounts have been subject to sale.

C. Fraternalism. A great progressive movement for mankind and it is not easy to pass this off as emotional bunk, because the very heart of our activity is built around a spirit that manifestly is a great characteristic in the success of this undertaking. We are all brothers under the skin and have need of friendliness and fraternalism in large quantities.

D. Community Worth. We conduct our meeting according to parliamentary procedure, with a President who is also a Chairman of the Board of Directors. A Secretary and Treasurer who in this instance of office is a representative of the Credit Bureau: several committees may be waiting upon the many important needs of our city relative to loan activities. Therefore, we are an institution of civic good and betterment setting aside personal interest for the common good. Through our fidelity to our city we have earned an honored place in the lives of our people, especially through the high standards of business, have built ourselves to a major recognized profession among our associates and friends.

E. That we are a working expression of the code of ethics following harmoniously, suggested plans and adopting to our needs such as the experiences of our members, Credit Bureau, Retail Credit Men's National Association and State, National Associations of Industrial Lenders.

4. Limitations:

There are none.

As Bureau Worker and Secretary of the Lenders Association, not paid agitator or organizer, I feel free to recommend to you with heartiest indorsement this movement as outlined in the summary of the Dayton Industrial Lenders activities; with sincere hope it may serve as a means of more firmly cementing together the bond of friendship and goodwill the National Associations of Credit Men and Industrial Lenders, and for the good of this great profession, I am

Yours respectfully,
Joseph D. Burwell, *Secretary.*

RHODE ISLAND

The regular quarterly meeting of the members of the Rhode Island Industrial Lenders Association, pursuant to due call, was held at the Providence Biltmore Hotel, Providence, Rhode Island, on Thursday, April 16, 1925, at 7:15 P. M.

Present: F. A. & A. A. Pomfret of the National Loan Co.; George F. Lewis of the Mutual Service Ass'n., Newport Russell E. Pierce, of the New England Equity Corp'n.; W. A. Kefauver, of the New England Equity Corp'n.; S. S Moran, of the Mutual Finance System H. T. Chase, of the Peoples Loan Co. Harry G. Neal of the Chester Neal Co. H. W. Smith of the Citizens Finance Service Co.; F. N. Kennon of the Peoples Finance Service Co.; G. W Delaney of the Citizens Finance Service Co.; J. G. Findlay of the Peoples Finance Service Co.; George E. Rich, o the Mutual Loan Association; E. La Gueux, of the Personal Finance Co. A. G. Zimmerman, of the Beneficia Operating Bureau; Fred Lovegrove Connecticut Industrial Lenders Association.

Secretary LaGueux reported 15 members in good standing, no delinquents

Treasurer Neal's report for the yea was as follows:

Cash on hand April 28, 1924...	$ 187.3
Receipts for year up to April 16, 1925	1,113.1
Disbursements to April 16, 1925	1,001.6
Balance, April 16, 1925	$ 111.5

On motion duly made by Mr. Chase

seconded by Mr. Lovegrove, that the report be accepted and placed on file, carried.

Chairman Rich, appointed Mr. Findlay and Mr. Moran as a Committee to audit the treasurer's books.

Mr. Moran, Chairman of Advertising and Publicity, gave a lengthly report with respect to local publicity.

On motion made by Mr. Lovegrove and seconded by Mr. Delaney, it was voted that the publicity report be placed on file.

Chairman Rich spoke on group advertising and Mr. A. G. Zimmerman gave the members a very interesting talk as to how other states were going ahead, following Rhode Island, with their educational advertising campaign. He commented upon the progress being made in the states of New Jersey and Connecticut, and how the publicity was bringing new members in the Association; also, it was acquainting others with the ethics of our business.

On motion made by Mr. Delaney, seconded by Mr. Pomfret, to appropriate $90.00 per month for group advertising and that members send in their voluntary contributions to pay for same, carried.

There being no further business to transact, the meeting adjourned.

E. LaGueux, *Secretary.*

The regular annual meeting of the Executive Committee of the Rhode Island Industrial Lenders Association, pursuant to due call, was held at the Providence Biltmore Hotel, Providence, Rhode Island, on Thursday, April 16, 1925, at 9:30 P. M.

Election of Officers for 1925-1926

The following officers were elected: Chairman, G. E. Rich; Vice-Chairman, W. G. Wood; Secretary, E. LaGueux; Treasurer, F. N. Kennon.

Executive Committee: Chairman, E. LaGueux, W. G. Wood, G. E. Rich, G. F. Lewis, F. N. Kennon, F. A. Pomfret, S. S. Moran, H. T. Chase.

Chairman Rich gave a very clear talk about his trip to Portland, Maine, and told them what we were planning to do relative to the Convention to be held in Providence in September.

A rising vote of thanks was given to Chairman Rich for his efforts.

Mr. Lovegrove stated Connecticut is ready to join us 100%.

Mr. Zimmerman will get in touch with other states to ask for their coöperation.

On motion made by Mr. Neal, seconded by Mr. LaGueux, a rising vote of thanks was given to Mr. Lovegrove, Chairman of the Connecticut Association, for their quick response.

Mr. Rich read a tentative programme for the National Convention and it was commented upon freely.

The Executive Committee was in favor of meeting very soon, at call of chairman, to follow plans of National Convention.

On motion made by Mr. Delaney, seconded by Mr. Findlay, that $10 be sent to the secretary at once, for stationery and supplies, stamps, etc., it was carried.

There being no further business, Mr. Pomfret made motion to adjourn, which was seconded by Mr. Neal, and carried.

E. LaGueux, *Secretary.*

"SALARY BROKERS"

The Supreme Court of Tennessee holds that so-called "salary brokers," engaged in the business of buying or acquiring by assignment claims of laborers for wages, are not dealers in securities, but are loan agents, and are required to pay the privilege tax fixed by law on loan agents.

The opinion was one of several handed down Saturday. The case under review was an appeal of a Nashville money-lending concern from a decree of the Davidson County chancellor.

The supreme court held further that the method of doing business by the "salary brokers" is such as to merely amount to the lending of money at excessive rates of interest, ranging from 100 to 200 per cent.

The laws of Tennessee forbid usury. They should prevent it, but they do not. Mr. Noah Webster was a lawyer, but his fame rests on his ability as a philologist and lexicographer. Here is his definition of the word "usury."

"Interest on money beyond the current rate of interest; practice of lending money at exorbitant interest."

The legal rate of interest in Tennessee is six per cent. The supreme court says these "salary brokers" lend money at excessive rates, ranging from 100 to 200 per cent.

That is usury, a violation of the law. The state fixes a privilege tax on loan agents, but that tax doesn't license them to practice usury. Yet the supreme court says some of them, at least, are doing that.

Federal and state court records in Memphis will testify to what loan sharks are doing to those caught in their net. They are grinding them to death. They are forcing them out of jobs, reducing them to destitution and driving them into bankruptcy.

Lawsuits do not originate in the supreme court. Its province is to pass on cases brought before it on appeal from verdicts in the lower courts. It is the final adjudicator.

However, the supreme court, in passing on another point of law, saw fit to declare itself as to these "salary brokers." The declaration is clear that they are operating in violation of the law.

Any individual or combination of individuals doing business in violation of the law should be put out of business. No man who preys upon the unfortunate has any place in the business or social life of a community.—*The Commercial Appeal, Memphis, Tenn., Mar. 3, 1925.*

"PAST, PRESENT AND FUTURE OF INDUSTRIAL LENDING"

By J. W. Whitstone, *of Newark, N. J.*

"Being a senior member of the Association I will try to relate briefly my version of the Past, Present and Future of Industrial Lending."

Since we all handle money let us bear in mind "it's a commodity used by the sanction of law and custom as the medium of exchange." Lending on Chattels was mentioned by Confucius 4,000 years before Christ only in those days the consideration was not money but barter, then all the way down to the Elizabethian period when lenders were allowed 10% monthly in most of the world until 1914 New Jersey passed the first Statute to give what they thought was a fair return to the lender and not make it too easy for the borrower, for when the interest rate is very low then we are confronted with quantity and not quality borrowers.

The personnel of Industrial Lending was greatly enhanced by Colonel Clarence Hodson entering the field in 1915 and we must give credit to him for starting the first State association right here in Newark the early part of 1915 and I can distinctly recall the immortal words of Doctor Mueller at that first meeting when he said, "Boys, you do not realize what a big baby was born here today," and at this writing Doctor Mueller stands in the front ranks with his efficient organization doing their utmost dignity to the business from every angle.

Quite a number of the old timers who took out a license under the "Eagan Act" felt, well our worry is all over, no more strike bills at Trenton, no slows to chase as the borrowers will fear the law we are operating under and be prompt and under no circumstances would they try to skip, etc., but it came to pass that it did not change the custom of borrowers much and the gang who go down to Trenton started in 1917 to introduce bills that did not give us pleasant dreams but, thanks to our having an able monitor who has guided us safely over the rocks thus far and that man is none other than Charles H. Watts.

Our present aim should be to induce the other licensed lenders to join the "Exchange" regardless of State membership in the Association for it would not take long for them to realize the benefit accrued by efficient coöperation.

And, as to our future, it lays entirely with ourselves for at no time in the past has our business been so highly regarded as at present and the day is not far distant when all industrial lenders will not only be doing business on the level in upholding the spirit and letter of the law, but we will also conduct our business upon the street level as the National Banks and Trust companies are functioning today.

SUPREME COURT HOLDS "SALARY BROKERS" MUST PAY LOAN AGENTS PRIVILEGE TAX

In the case of the State vs. Tennessee Finance Co. et al. from Davidson County, the Supreme Court held that "salary brokers," engaged in the business of buying or acquiring by assignment claims of laborers for wages, are not dealers in securities within the meaning of the general revenue law, but are loan agents, and that they are required to pay the privilege tax fixed by law upon loan agents, which is greater than that imposed upon security dealers. In this case the state was awarded a decree for the privilege tax for the years 1918 to 1921 inclusive, and it was held that the defendants were not entitled to any credit for the amounts they had paid for the privilege tax on security dealers.

The court held that the method of doing business by the salary brokers is such as to merely amount to the lending of money for excessive rates of interest, ranging from 100 per cent to 250 per cent. An opinion for publication was filed in this case by Justice Chambliss.—*The Nashville Tennessean, Nashville, Tenn., March 2, 1925.*

INFORMATION SERVICE

Salaried workers in the manufacturing industries of the United States have suffered a net decline of more than $75,000,000 in their pay since the peak prices of 1919, according to a bulletin issued today by the American Industrial Lenders' Association.

In 1919 the Nation was paying total salaries of $2,880,868,000. In 1921 this total had fallen to $2,563,103,000. In 1923 there was a rally by which the total rose to $2,805,450,000. These figures are those of the United States Bureau of Census.

This net loss in salaried income, says the bulletin, emphasizes the necessity for an adequate nation-wide system of providing credit for the great number of the population to whom bank credits are not available, among whom are the majority of salaried persons.

This need has been recognized by about a score of the states which have in effect laws fostering an equitable system of industrial lending, but elsewhere the small borrower is left unprotected by law from the exactions of unconscionable lenders.

WHAT A MANAGER REQUIRES AS A LOOK UP ON A LOAN

Fred C. Blatt

Manager, Community Finance Service, Inc., Elizabeth, N. J.

I have been requested to write an article on what a Manager requires as a look up on a Loan. This subject could perhaps be elaborated on in the form of a book, but, I assure you my volume will only be a small pamphlet. As perhaps many of you gentlemen here know, the reader was for a number of years connected with, and counseled by, our old friend Al Simonson. I can recall after performing a hard days work on the outside, investigating loans, and later checking up the details both pro and con, Al would casually remark, "Is this a good looker, Freddie," so you see after all, this is one very strong detail of a look up, especially with Al.

Of course, the first requirement is a perfect application, with correct spelling of name, direct addresses, amount requested, etc. The verification, of the present address should be obtained through a corner store, or neighbor; the length of time he resided there and if possible, the appraiser should go to the previous address and spend time there, as it is surprising in many cases what valuable information your man can pick up from the old neighborhood.

Receipts are an important factor. Insist on furniture receipts, rent, insurance or building and loan books. Some kind of a receipt, for, if the applicant cannot produce proof of his identification, and his ability to pay others, the outside man cannot appraise correctly the valuation of his applicants security.

Occupation, let us be certain as to the place of employment of the applicant, how long he has been there, this together with the length of time at the last two residences, will tell you a great deal about Mr. Borrower. If children are employed. It is sometimes surprising, to learn of the number of persons employed in our borrowers' homes at the time of making the loan, but later if she goes slow, OH, BOY! the only excuse is the poor husband who has been idle for two weeks, but not a word is said about the employment of the remainder of the family.

Income should perhaps follow occupation, for that is what is going to pay back our money. What is the total income in the family per week or month and the exact pay day.

Coöperation with our fellow credit men is advisable for it creates a feeling of trust, which will be found most helpful at all times. A visit by the appraiser to the installment houses may prove most valuable. Our local exchange bureaus have proven the value of coöperation.

Appearance of the home is a very important factor and should by no means be overlooked. The observing appraiser should be able to paint in your minds eye a clear picture of the neatness and appearance of the home.

You will, I believe agree that the good prompt payers and steady workers have clean and orderly homes. He may be poor financially, but rich in soap and water. As one of our present day writers has said.

"Without cleanliness or character a man is like a footless stocking without a leg. He has nothing, and therefore is nothing. He is a cipher with the rim off."

Last but not least let us all be optimistic and try to find the good in all prospective borrowers, and not be like the pessimist who thinks if something ain't wrong, tain't right.

WHAT THE LOAN OFFICE NEEDS IN THE WAY OF ADVERTISING

By Robert Kreps,

of the Beneficial Loan Society, Jersey City.

Advertising is a great, though almost unknown, force; a force made up of a hundred different elements, each one too intangible to be defined. It is something which properly directed becomes a powerful agency in influencing human customs and manners, whereby a keen-eyed loan man secures for his business the widest possible market for utilizing every form of publicity and method of making an impression upon the public. He also must watch the results and know exactly what his advertising has accomplished and what it is failing to accomplish. He must know something about salesmanship, a great deal about human nature and the best method of appealing to it.

It is a difficult thing to theorize about advertising. No advertising is successful unless we are there to sell them our service.

The advertising of the loan office is the part of its business that the public sees. It should be a picture illustrating the sort of people we are, the kind of service we offer, and the manner in which we do our business. It should be a true picture. When people call to see us, they should expect neither more or less than we can give. Every inquiry should be closely scrutinized for suggestions as to future advertising and reading matter, as the entire inspiration comes from the people who respond to our advertisements. Nothing will show the weak spots of the result of our advertising so quickly as the absence of replies.

We all, more or less, advertise strictly private and confidential loans, and when a person calls at our office to make inquiry regarding the obtaining of the loan, we should show them this privacy which we advertise and make him realize that we live up to our word regarding privacy, and in most cases we are bound to win his confidence and respect.

More advertising has failed through not appreciating the importance of these prospective clients, than through any other source. We must realize that nearly every inquiry that comes into our offices, if handled properly, means the obtaining of a good account.

There are two classes of borrowers—the borrower from necessity and the borrower from improvidence or extravagance.

The first class always feels a sense of gratitude toward the lender for relieving his necessities. Therefore, the first thing our advertising should contain is an appeal to borrowers from necessity. My length of experience has convinced me that the borrowers from necessity practically always repay their loans.

Our advertising must not be directed against the habit of thrift, or tempt people to spend money that should be saved. If we advertise money to lend for frivolous purposes we risk bringing upon ourselves the censor of legislative bodies, bankers and employers.

The third thing I would like to see our advertising cover is to bring before the public the vast amount of good that we do.

Our business is a commercial proposition, which brings us a fair profit. It is also an actual benefit to the 85% to 90% of the entire population who have no banking credit. Our business has a fine purpose and high mission. People will need to borrow money so long as disease, death and unemployment visit them, and I fear that will be for a long time. People will need to borrow money so long as opportunities present themselves which require the possession of ready cash to take advantage of; so long as poor people make that first step to independence—involved in buying a home—loans will be necessary. Every humane man hopes that these opportunities will increase in number, and I firmly believe there is a large proportion of these men in the small loan business.

We expect our advertising to give a true picture of the good that our business does. Our years of experience in this business have brought to all of us at least one big thing—FAITH IN THE HONESTY AND GRATITUDE OF THE PEOPLE WHOM WE SERVE.

The fourth point that our advertising should cover is the dignity and usefulness of the small loan business. We render the wage earner and salaried man the same service that bankers render big business. We do as much good in our field as the bankers do in theirs. We are entitled to as much respect from the community and we should command it.

Now it is up to us to realize all this, when we make our advertisements and to give the public a true picture of the service we render.

Above everything, however, we should not assume that our written advertisements can bring before the public all the good that is being done in the small loan business. It can do much for us in the way of advertising, but we can do more for ourselves. Advertising in newspapers and by folder and form letter is only the beginning of good advertising.

Our entire business should be an advertisement—a constant effort to sell our business not only to borrowers, but to the entire community. I thank you.

WAYS AND MEANS OF CURING SLOW PAY

By T. C. Warden

Manager, Community Finance Service, Inc., Atlantic City, N. J.

Ways and means of overcoming slow pay is, no doubt, a subject which confronts us 365 days in the year. The complete solution is beyond my ability. I will try, however, to refresh your minds on certain things of which you all are, no doubt, aware.

In view of the fact that a number of our accounts are slow pay with others before applying to us and are not economically sound risks, I feel that it is the duty of each one of us to consider the remedy from an economic standpoint. The solution, as I see it, lies not so much in curing but rather in preventing. We must treat the cause rather than the effect. It is up to us to prove again the old rule that "an ounce of prevention is worth a pound of cure."

With this in mind I suggest the following:

First: Determine the actual amount of money that is required by the prospective borrower. Do not rely on the amount he *thinks* he needs as he will in most cases overestimate.

Second: Arrange the repayment of principal amounts in amounts that can be paid without interferring with the borrowers regular running expenses. And let me say right here that this is not nearly as hard as it sounds; providing you analyze your appraiser's report with paper and pencil, putting down on one side the income and on the other the known expenses.

Third: If the borrower is paid on a certain date of the month, arrange his payments at your office not later than one day after he receives it. If you delay it longer he is likely to use it for other things, with the result that he must then request your account to go over to his next pay day. Before you realize it, the payments will be several months in arrears.

These suggestions are directed more particularly to Balance Outs and former borrowers, as no doubt they are always practiced with the new ones. But I wonder if we inquire minutely enough nto our old ones. Statistics show that hese are the ones which go back and get nto our P. & L.

If these suggestions are followed I believe that the real way of curing slow pay will be found at its inception or ase.

Like the rest of you, I have been faced with the necessity of curing slows after he disease has been contracted.

I find that a type of slow can often e cured by having the borrower call at our office for an interview, and at such ime point out his unfairness to himself nd to the lenders by such abuse of his redit and of our confidence in extending he loan. Very frequently your interiew will develop the fact that he is nder too large a contract. It is impossible for him to pay as, since your contract was made, he may have experienced ckness, irregular employment, or it may be that he is a victim of that which believe we are all guilty of practicing o some extent; namely overloading. In ny event it is then advisable, in fairness o all concerned, to renew his contract on basis of smaller monthly repayments. I believe that another type of slow may be developed into a profitable account by pointing out to him some catastrophe that might happen, and asking him what he would do unless his credit with your office was unimpaired. It might be a good idea to take his very condition at the time the loan was made, and point out that under the present condition we could do nothing for him. In fact, this latter suggestion is the better one if the loan has been made to him at a time of urgent need.

This brings us to a point that I believe cannot be too forcibly emphasized and that point is—determine the necessity of the loan at the time of making because this vital point will often steer both you and the borrower out of an unpleasant and trying relationship. A loan made in excess of the actual amount needed, or made for some unnecessary purpose, proves, in a large percentage of cases, to be one of the kind now under discussion.

Assuming, now, that your office has not overloaded the borrower, and that there is no reason why he should not pay, let me caution you against allowing your personnel to develop a good account into a slow one. To avoid a condition of this kind the following will prove helpful.

First: When an account comes in two days late call attention to it being delinquent. Do not assume the attitude that it is perfectly all right to pay on the 12th when it was due on the 10th, but rather that it was the borrowers duty to notify you of his inability to pay promptly.

Second: Requests for an extension should be given graciously but not as a matter of course. I do not mean that the borrower is to be humiliated but rather let him know that it is an accommodation to him.

Third: If the account is not paid within the grace limit, or promise for payment is not kept on the date he specified, see that he is notified immediately thereof. Do not wait, thinking that he will come in tomorrow.

The whole matter may be summarized as follows:

Investigate carefully the paying ability of the applicant.

Try to prevent slows rather than cure them.

Do not overload the borrower; make the contract right as to amounts and repayments, then hold rigidly to it.

When extensions are requested ascertain the reasons and when given hold the borrower to his promise.

Impress the borrower with the importance of prompt payments to insure his credit for future use.

In closing let me say again that the cure for slow pay rests not in the effect but rather in the cause—and that "an ounce of prevention is worth a pound of cure."

Will Pay Cash For Office

Proprietor of any legal rate loan office who desires to sell is invited to write the undersigned. Your letter will be held strictly confidential.

CHARLES H. WATTS
President
135 Broadway, New York

WAYS AND MEANS OF LOCATING A HARD SKIP

By E. H. Lambert, *Camden, N. J.*

A skip, as I understand it, is one where we have exhausted all the given information, that is the data we collect when application is left, what we gather on our visit to the home, and the information listed on the large application when taken at the office at the time the loan is closed. Prior to this period our skip is one of ordinary circumstances and we have a fair chance of locating, but after this period we must work diligently and earnestly if we want to accomplish our purpose.

There seem to be very few, if any, cases where you would not have some means of following. Circumstances, of course, in all cases would have to determine what course to pursue, but I will take the subject up and cite a few instances: A visit to the house and you find they have gone. An inquiry from a neighbor or two may not give you the new address, but you may find someone who could tell you who have moved them. A visit here, much better than a phone call, may give you the name of the town, if not the address. This is better than no information at all, and we still have a thread to work on. A letter to this town, addressed to the skip, REGISTERED, but do not request a return receipt. If letter is not returned, no doubt your skip has received it, so now to get the address. Send a tracer after this letter and you will receive on return card the address. GET ON THE JOB RIGHT AWAY WITH A PERSONAL VISIT, or you may find that your skip has made a second jump and then you *will* have a hard proposition on your hands.

They may have had children going to school; a visit to the school you may find beneficial. Even though the officials could not furnish any details, still a talk to some of the class mates may give you some valuable information. You may be referred to someone else who knows them, probably the children had struck up an acquaintance with another family away from their own neighborhood, and so you may again pick up their trail.

The husband or sons might be War Veterans—World War or Spanish. Get in touch with these bureaus, as I have done on one occasion, and mention that your skip had an account with you and in mailing their last payment they had sent too much money and as the requirements of the Act under which we operate do not permit you to accept this overage, their new address would help you out of your predicament. We must be ever ready to use any kind of ruse to suit the occasion.

If a man follows a particular trade or occupation, in conversing with one whom you believe knows your skip's whereabouts but will not tell, you are a friend quite astonished to find they do not live there any more, for just recently letters you received from him were from this address and you were to let him know just as soon as you had located this new job for him. I had one just the other day when this very stunt brought the address of a brother whom we did not have on our papers. His previous place of employment is often a good place for information, if you could reach the men with whom he worked. He may have mentioned something about a particular town where there was plenty of work or where an opportunity had opened up for him.

His Union might be able to give the town at least.

Their hasty removal might have been through the advice of their family physician owing to the sickness of one of the family needing speedy relief—get in touch with this physician.

If in a small suburban town, the Station Master may have known them and as his sale of tickets for distant points is limited, he may recall just where they have gone, or if their goods were shipped he could probably help you from his records. In most suburban sections the post office and general store is run by the proprietor and he may say "I can't give you any information" but if you could persuade him or tarry until a customer would make it necessary for him to go behind the retail counter, he would then be free to give you the information, if he has it.

An appointment or a personal visit to the home of the mail carrier in that district has also worked out to perfection. We all know it is unwise to try to force information from anyone, especially where one's position is at stake, but with tact and a little persuasion mountains can be moved.

Any and all information, no matter how trifling, should be tabulated and some day you will thank yourself for keeping it and credit some small bit of information in locating your skip.

I think the hardest of all skips is where they leave the town and change their name, but if you have a fair description of them you still have a chance of proving their identity.

A genuine skip is out to do you and you should bend every effort to get him, and I might say that money spent on locating a skip is well spent for you have taught him a lesson and may save someone else the time and trouble, say nothing of the money it would cost, bring this party back to earth.

If you believe you have located your skip in a distant town and desire to have another officer take care of the account, for you, along with the data you are forwarding you had better send a personal description of both husband and wife, also might add that if your investigator had a mind's eye view of your skip always before him, he would get better results especially if he were working in a strange neighborhood.

When representing yourself as an agent you must act your part. Get the confidence of one of the more modest neighbors and then ask her jokingly who is the "noseiest" woman on the street. The "nosey" woman often can tell you who moved them and how many chairs, etc. they had, even though she does live twenty doors away. Visit the poolrooms, cigar stores and barbers in the vicinity. That is where *men* gossip. As mentioned before, whatever part you play, be sure to act that part. For instance if your skip was a war veteran and you are looking after his compensation, you must stroll up the street, hands in pockets, with an air of absolute contentment with your lot and the rest of the world, and be in no hurry to get away from the party you are talking to. A Government man has loads of time to spare. Or if you are posing as an insurance agent you hustle up the street, take the porch steps in one leap and ring the bell a second time before the noise of the first jangle has ceased.

After you have got what you feel is the correct information, do not fail to find out in new locality all you can about the people; how long they have been there, was he a carpenter, number of children, etc., all you can about him before making your personal call. In other words, *make sure of your man.* The mailman generally won't say anything, but the traffic policeman knows all the notorious characters for squares around, and as it is only notorious characters who are dead beats, you can sometimes get good information here.

Again they might have attended some church, were members of a neighborhood club or association, had a hobby of some kind.

Probably a neighbor had seen an insurance agent calling there, or a collector for some installment house. If you can get in touch with the insurance agent you might find that he has another member of the family, or friends, on his books who could give you leads. The installment house would probably have names of references, or their collector could furnish you information. The Public Service Corporation of New Jersey pretty well covers the entire State on gas and electric supply, and they would be in a position to help you. The Chamber of Commerce of which you are a member can be asked to clear the name through the various retail credit bureaus, if you have any idea at all of where your skip might be. Also use your own Bureau of Exchange.

If the skip owned property he probably would place it in an agent's hands to rent or sell, who would have their address for business purposes.

For other means of locating skips, write the National Secretary for a copy of the booklet on this subject.

Manager of Office For Credits and Collections

Attractive, permanent, salaried position open to man between 25 and 35. Position is manager in local office of large chain organization. Under State supervision since 1913. Business legitimate and well established—lending money at lawful interest—no stock selling.

Must be high school graduate and prefer man who has attended college. Previous experience necessary in retail credits and collections (either merchandise or money). Must have good health, habits, character, and personality.

Position permanent, dignified, and pays well. Opportunity for promotion and transfer. Helpful training and assistance. Write us fully about yourself. This may be your great opportunity. Your application will be held confidential and we will not communicate with present employer without your permission. Write to-day for interview.

C H. WATTS, President
135 Broadway
New York, N. Y.

WANTED

Loan managers. Must be experienced and capable of managing a chattel loan office. Address, confidentially, giving full particulars, experience, and who you have worked for M. G. STOKES, 515 Meyer-Kiser Bank Bldg., Indianapolis, Indiana.

POSITION WANTED

Manager of industrial loan office; 12 years' experience; best of reference, with modern ideas. Address G. W. McCOLLUM, 241 Arcade Bldg., Norfolk, Va.

SITUATION WANTED

Experienced manager with clean record, able to open new office or build up established office, desires position after May 1st. Address Box 778, care INDUSTRIAL LENDERS NEWS, Harrisburg, Pa.

POSITION WANTED

As manager of loan company. Sixteen years' experience in small loan business. Now employed but desire change. Wife also experienced as office assistant. Age 35. Best references. Address Box 178, Michigan City, Ind.

Assistant Manager For Credit Investigations and Collections

Unusual opportunity for man between 21 and 28 to enter a large, successful chain organization which will provide him with every chance to develop and use his ability. There are vacancies in some of our offices. Applicants with experience in retail credits, and collections on instalment plan will have preference. Good health, habits, character, and personality required. Must be, at least, a high school graduate, prefer man who has attended college. Every assistance given in training and in furthering education. Advancement is assured if you have ability, since this business is large, lawful and growing. Applications will be held confidential. Write today for an interview.

C H. WATTS, President
135 Broadway
New York, N. Y.

INDUSTRIAL LENDERS NEWS

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JUN [illegible] 1925

Official Organ American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. IX, No. 12. JUNE, 1925 Price $1.00 a year.

MEETINGS SCHEDULED

MARYLAND.—Meeting of the Maryland Industrial Lenders Association, Tuesday evening, June 9th, 7:30 P. M., Board Room of the Baltimore Association of Commerce.

CONNECTICUT.—Meeting of the Connecticut Industrial Lenders Association, Wednesday, June 10th, 1:30 P. M., Hotel Bond, Hartford, Conn.

PENNSYLVANIA.—Meeting of the Pennsylvania Industrial Lenders Association, Altoona, Thursday, June 11th, 10 A. M., Penn-Alto Hotel.

NEW JERSEY.—Meeting of the New Jersey Industrial Lenders Association Thursday, June 18th, 12:30 P. M., Asbury Park.

VIRGINIA.—Meeting of the Virginia Industrial Lenders Association, Wednesday, July 22d, Norfolk, Va.

WEST VIRGINIA.—Meeting of the West Virginia Industrial Lenders Association, Thursday, August 6th, Charleston.

RHODE ISLAND.—National Convention of the American Industrial Lenders Association, Providence, R. I., September, 2, 3, 4, 5, 1925, Biltmore Hotel.

MICHIGAN.—Meeting of the Michigan Industrial Lenders Association Thursday, October 15th, Kalamazoo.

ILLINOIS.—Meeting of the Illinois Industrial Lenders Association, Chicago, Saturday, October 24th.

INDIANA.—Semi-annual Convention of the Indiana Industrial Lenders Association, November 18th, Martinsville, Ind.

NATIONAL CONVENTION

I want you to know that I was extremely gratified in my contact with the Rhode Island lenders, concerning their work to make the national convention a success. You will find by the minutes of the special meeting called, that some real things have been accomplished.

I shall make it a point to visit Rhode Island about once a month from this time on and check up the various committees as to their accomplishments. I can safely say that the convention will be a decided success, if the plans now in the making are carried out and I feel sure they will be.

The matter of the business program as well as the selection of the speakers, were not discussed. The former I believe is in your hands and the latter in the hands of Mr. Watts.

On my next trip to Providence, which in all likelihood will be the week of June 18th I expect the various committees, appointed at the last meeting, to have their plans well lined up. This will enable us to work out a very definite program for the entire proceeding.

New committees were appointed at the last meeting, to take care of the various unfinished work that require some real handling.

The matter of finances was gone into very thoroughly and I am glad to say that the arrangement will safeguard against any possibility of failure. Massachusetts and Connecticut Associations were represented and it is now definitely decided that the New England states will act as hosts. The representatives from Massachusetts and Connecticut are entitled to a vote of thanks for their optimism and helpful suggestions as well as going on record as to their willingness to share the financial responsibilities.

You can now look forward to the building up of a program that will be pleasing to you.

Arthur L. Wick.

RHODE ISLAND

A special meeting of the Rhode Island Industrial Lenders Association after due call to members was held at the Providence Biltmore Hotel, Providence, Rhode Island, on Friday the 22d of May, 1925, at 7 P. M. Meeting was called to order by Chairman Rich.

Present: G. F. Lewis, Mutual Loan Asso., Newport, R. I.; S. S. Moran, Mutual Finance System, Providence; James S. Dwight, F. N. Kennon, Peoples Finance Service Co., Pawtucket; J. G. Findlay, Peoples Finance Service Co., Providence; E. LaGueux and R. Richard, Personal Finance Co., Providence; G. W. Delaney and H. W. Smith, Citizens Finance Service Co., Providence; G. E. Rich Mutual Loan Asso., Pawtucket; W. A. Kefauver, New England Equity Corporation, Providence.

Guests present were: A. L. Wick, Philadelphia, representing American Industrial Lenders Asso.; H. J. Desormaux, of the Massachusetts Industrial Lenders Asso.; H. G. McMullin, of the Connecticut Industrial Lenders Asso.; H. Nelson Street, Providence Chamber of Commerce, and G. H. Barrows, of the Providence Journal Company.

Chairman Rich reported plans were now well under way to provide for the comfort, convenience and entertainment of all who would attend National Convention in September. He mentioned the wealth of attractions in these parts both for education and recreation purposes and that our varied program would be a source of pleasure for all.

A. L. Wick gave a clear talk on how to group details for the proper working of plans of National Convention. Stated had called at Biltmore to confirm arrangements made and was promised coöperation by the management to make the convention the best ever.

The following committees were formed to work with Mr. Blank of the Providence Chamber of Commerce:

Committee on busses for Newport trip, Mr. Kennon and Mr. Delaney; committee on badges, Mr. Delaney and Mr. Kefauver; committee on entertainment, Mr. Kennon and Mr. Smith; committee on outing, Newport end of arrangement, Mr. Lewis; committee on souvenirs, Messrs. Moran and Dwight; committee on plans for outing at Rhodes, Messrs. Delaney and Findlay. All these committees to report at next regular meeting, June 18th.

H. J. Desormaux, of the Massachusetts Association, promised us support both financially and actively to boost convention. Will report definitely after their next meeting.

H. G. McMullin heartily approved of our plans and promised the support of the Connecticut Association after their next meeting

A rising vote of thanks was given to these gentlemen for their interest and efforts.

On motion of Mr. Delaney, seconded by Mr. LaGueux, it was voted and passed that each member be assessed $15 to help meet advance convention cost and that same be sent to secretary at once.

Chairman Rich read a letter from Maine Association. They regretted being unable to attend this meeting but assured us they were ready to coöperate, we to advise them by letter.

A letter was also read from our former secretary, J. H. Wickstrom, now of Philadelphia, wishing our association success and regretting not being able to take so active a part in convention work but offering his services during convention days.

Chairman Rich was delegated to acknowledge letters.

Mr. Blank talked on conventions held in Providence and stated his desire to work with the committees. His valuable experience along these lines will greatly help.

Mr. Barrows, of the Journal, gave a splendid talk on group advertising and the effect it had on several of his merchant friends.

E. LaGueux, *Secretary.*

NEW HAMPSHIRE

New Hampshire may now be listed as having a state association. The success of our undertaking is largely due to Mr. Schroder's sincere and whole-hearted assistance. The meeting was held at his office where for a time the future meet-

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. S. Edwards, 42 Bank St., Waterbury.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. E. Chandler, 701 Odd Fellows Bldg., Indianapolis.

Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—C. S. Beatty, 262 Washington St., Boston.

Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Va.—E. P. East, 601 Grace-American Bldg., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, W. M. Snow, 465 Congress St., Portland, Me.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, C. H. Watts, 135 Broadway, New York City.

Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Membership, G. Hodson, 135 Broadway, New York City.

The National Council is composed of the National Officers, Vice-Chairmen, and Committee Chairmen.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby. 163 Main St., Lewiston.

Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—C. H. Watts, 135 Broadway, New York City.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

ings are scheduled. Without his assistance I can safely say the Association would not have been organized.

Out of six licensees four lenders were represented. The four members who indicated their willingness to organize and become members of the state association are as follows:

American Loan Company, D. J. Cote, Mgr., 999 Elm Street, Manchester; Mutual Loan Company, Sarah F. French, Mgr., 413 Amoskeag Bank Building, Manchester; York Corporation Trust and Loan Company, Mrs. Mary E. Loveland, owner, Room 10 St. Johns Block, Keene; Simeon Sharaf, 98 North Main Street, Concord.

The fifth lender was not present due to a misunderstanding as to the date of meeting. The sixth lender refused to participate This is Mr. L. B. Salls, State Loan Company, 852 Elm Street, Manchester. Mr. Salls is already a member of the national association and will continue his membership. I believe the members of the state association will eventually convince him that he should become associated with the state organization.

The officers elected were as follows:

Mr. D. J. Cote, American Loan Company, chairman; Mrs. Sarah F. French, Mutual Loan Company, Secretary; Simeon Sharaf, independent owner, treasurer.

Mr. A. B. Slawsby, of the Nashua Loan Company, 69 Main Street, Nashua, asked that the chairman, Mr. Cote, call on him with reference to his membership in the organization. I have no doubt but that he will affiliate.

All of the licensees who joined the state association agreed to pay dues of $20 a year, payable $10 each six months in advance Half of this sum is to be used as their membership in the national association. Applications for membership in the national organization have been made out and will be sent to you in due time. This will make an unanimous membership in the national association, of every lender in New Hampshire, though one of them will not affiliate with the state body.

Mrs. French, the secretary, will send you the minutes of the meeting within a short period and in time for publication in the next Lenders News. Mrs. French is very well qualified for the work as secretary as she is acting in the same capacity for a number of lodges.

Mr. Cote, I know, will take a personal interest in the organization and will make an admirable chairman.

The business meeting in the afternoon proved of an advantage to everyone present but the get-together dinner in the evening proved helpful in binding together the friendly spirit that was born at the afternoon meeting.

The keen interest of the lenders here is indicated by Mrs. Loveland, an elderly lady, who left her home at Keene about 5:15 in the morning, due to poor railroad facilities, to enable her to attend the afternoon meeting. She had to remain in Manchester over night in order to attend the dinner. This lady remarked that the day's work was an inspiration to her and she learned many things that will be to her advantage.

I am sure you will hear favorably from these members as time goes on.

Will you be good enough to send each member, except those who already belong to the national association, a copy of the 1924 Year Book as well as a copy of the last issue of the Lenders News? I told them you would be glad to furnish them with these copies if you had them in your files. Arthur L. Wick.

In addition to Mr. Wick's interesting account of the organization of the New Hampshire Association Mrs. Sarah F. French, the newly elected secretary, has contributed the following interesting official account:

"A meeting was called to order at the American Loan Co.'s office Wednesday at 2:00 P. M., at Manchester, N. H., May 20, 1925, by Mr. A. L. Wick and A. J. Schroder, of Philadelphia, for the purpose of forming a State Industrial Lenders Association The following who are connected with the Loan Co's of New Hampshire were present:

"Mrs. Mary E. Loveland, president and manager of The York Corporation Trust & Law Company of Keene, N. H.; Mrs. Bernice H. Slayton, president of The Mutual Loan Company; Mrs. Sarah F. French, bookkeeper and cashier of The Mutual Loan Company; Mr. D. F. Cote, office manager of The American Loan Company; Mr. Simeon Sharaf, of The Sharaf Loan Company of Concord, N. H.

"By vote of those present, Mr. D. F. Cote was elected chairman; Mrs. Sarah F. French, secretary; Mr. Simeon Sharaf, treasurer of the new state association.

'The matter of the by-laws being left until the next meeting to be decided by a committee of three in regard to adopting the same as used in Rhode Island with what changes were necessary for the State of New Hampshire.

"Suggestion was made to hold meetings the 2nd Monday of each month.

"Notices to be sent by the secretary of time and place, also a record of each meeting to be sent to all members and a copy to be sent to the secretary of the National Association.

"After listening to the benefits to be derived from the association by Mr. Wick and Mr. Schroder, the meeting was adjourned at 4:00 P. M. to be followed by a gathering at the Carpenter Hotel where a delightful banquet was served at 6:00 P. M., when more interesting things were heard in regard to the association."

VIRGINIA

Copy of the Fifteenth Annual Report of the Banking Division of the State Corporation Commission of Virginia, has just been received by the National Secretary, in which the following interesting report in regard to Small Loan Companies, is given:

"The uniform small loan law was enacted in Virginia during the 1918 session of the General Assembly and prior to 1922, it provided for an interest rate of five per cent per month on all amounts up to and including fifty dollars, and three and one-half per cent per month on all amounts from fifty to three hundred dollars. In 1922, however, upon the recommendation of the Chief Examiner of Banks the General Assembly amended the law by eliminating the five per cent rate and providing for a single rate of three and one-half per cent on all loans made under the act. This rate is in conformity with that fixed by other states.

"This rate appears high, it is true,

especially to those who are not conversant with conditions which pertain to the small loan business, it is, however, many times lower than that charged prior to legal supervision, and is intended to cover not only a reasonable return on the money invested, but also the losses consequent to the accommodation of the clientele such as is served by the small loan licensees.

"Before the enactment of the law providing for the licensing and supervision of those engaged in making small loans, conditions had gone from bad to worse, until interest was charged at rates as high as two, three and four hundred per cent per annum.

"In our opinion the Virginia statute governing the business of small loans is superior to any other law of similar nature, for while it conforms in the main to what is generally known as the "Uniform Small Loan Law," it contains safeguards not embraced in other small loan statutes

"There were thirty-five small loan licensees in this state on December 31, 1924, employing around one hundred and twenty-five people. Of this number thirty-one had operated for the entire year ending on the foregoing date, at which time they had a working capital of $1,836,763.02, with loans ranging from ten to three hundred dollars, averaging $68.00. Interest collected for the year amounted to $655,265.26, from which expenses and losses amounting to $492,217.34 were deducted, leaving a net earning of $163,047.92, or an average of 8.87 per cent on the capital invested.

"The four other licensees who had been operating one for eleven, two for eight and one for two months, respectively, represented an aggregate capital of $138,994.05, with loans averaging $74.00, interest collected amounting to $36,890.89, less expenses and losses $29,725.94, leaving net earnings of $7,164.95 or an average of 5.16 per cent on the capital invested.

"Since the passage of the law placing the small loan operators under the supervision of the Banking Division up to December 31, 1924, fifty had been licensed, and of this number eight were merged with other similar concerns, six had discontinued business and one declared bankrupt.

"The thirty-five licensees were carrying 26,461 accounts, while the total capital invested was $1,975.757.07. The total number of loans made during the year is 34,799."

WEST VIRGINIA

A special meeting of the West Virginia Industrial Lenders Association was held in Charleston, at the Hotel Ruffner, Thursday, May 28, 1925, and was called to order promptly at 9:30 A. M. by Chairman H. L. White, of Wheeling.

Due to the fact that the Uniform Small Loan Act is to become a law in West Virginia July 1st next, it seemed necessary and important at this time to get a constructive idea as to the main points of the law and also to consider the adoption of uniform forms of all papers which will be used under the new law, which it is hoped will meet with the approval of the state banking commissioner.

This association is very much indebted to Dr. C. G. Mueller and C. H. Watts, of Philadelphia, Pa., for the fine points they brought out at this meeting. May we say that no two more abler men could have been found, who could have put their subject across in so constructive a manner.

A very carefully prepared and complete set of papers which could be used under the new law were presented to the association free of charge by R. C. Aufderheide and Ray Reynolds, of Indianapolis. These men spent much of their valuable time in getting these forms up, giving this association the advantage of their long experience in this work. This organization feels more confident and stronger in knowing that when we need help that such men as these are willing to lend us a hand. It is needless to state that these sample forms were unanimously adopted.

A special committee was appointed, composed of C. H. Watts, of Philadelphia, Pa., F. H. Withrow and W. B. Grimes, of Charleston, to meet with the state bank commissioner and assure him that this association stood ready to coöperate with him in any way possible toward uplifting the business and aiding his department.

Summing up, it was declared by all that this was the most interesting and constructive Industrial Lenders meeting ever held in West Virginia, thanks to those who so kindly came so far to help us.

It is gratifying to mention that the attendance mounted up to twenty-two persons, those present being:

Dr. C. G. Mueller, Philadelphia, Pa.; C. H. Watts, Philadelphia, Pa.; Wm. Young, Philadelphia, Pa.; R. C. Aufderheide, Indianapolis, Ind.; Ray Reynolds, Indianapolis, Ind.; H. L. White, Wheeling, W. Va.; V. F. Thompson, Richmond, Va.; N. E. Caldwell, Charleston, W. Va.; V. K. Timberlake, Ideal Money Co., Charleston, W. Va.; F. H. Withrow, Capitol City Loan, Charleston, W. Va.; R. L. Bibby, Peoples Loan Co., Charleston, W. Va.; W. P. Gore, United Loan & Invst., Charleston, W. Va.; W. B. Grimes, West Va. Loan Co., Charleston, W. Va.; Geo. Paritz, Wells Loan & Jewelry Co. Charleston, W. Va.; Lloyd Rice, American Loan Co., Huntington, W. Va.; Glen Meadows, Home Loan Co., Huntington, W. Va.; A. M. Arthur, Union Money Co., Huntington, W. Va.; L. C. Withrow, West Va. Loan Co., Huntington, W. Va.; Sam Wormser, Citizens Loan Co., Huntington, W. Va.; A. H. Knox, Knox Brokerage Co., Parkersburg, W. Va.; H. T. Bates, Economy Finance Co., Wheeling, W. Va.; C. C. Cunningham, Bluefield Invst. Co., Bluefield, W. Va.

We are pleased to report the names of three new members who came forward willingly, and at the same time anxious to help in the fight for the betterment of the business in general in West Virginia:

Sam Wormser, Citizens Loan Co., Huntington, W. Va.; A. H. Knox, Knox Brokerage Co., 410½ Market St., Parkersburg, W. Va.; W. P. Gore, United Loan & Investment Co., Charleston, W. Va.

Another meeting of the W. Va. Lenders Association will be held in Charleston, Thursday, August 6, 1925.

Wm. B. Grimes, *Secretary.*

YOU CAN HELP

There is to-day no forward looking, progressive leader in any line of endeavor who is not a firm believer in the value of good will.

Business corporations, great and small; organizations, whether of a business, political or social character; governments, churches, colleges, municipalities, rulers, and individuals, all realize the importance of building up and maintaining the favor of public opinion—which is good will—by consistently informing the public of their activities and purposes.

When the Government of the United States cast its lot with the allied nations in the greatest war in history it recognized the power of publicity as an agency for recruiting the money and man power, as well as maintaining the morale, of the nation, and expended millions of dollars for a department devoted to these purposes.

It is the individual and personal concern of every industrial lender that a structure of good will toward the institution of lending be reared. Much has been done in this direction since the national association embarked upon a campaign of organized publicity, but much remains to be done, and every one can help in the work.

State chairmen can help in this important work by distributing to the newspapers in their territories the articles prepared each month, and by using their best endeavors to have these articles published.

The articles are designed to inform the public as to the purposes and benefits of a supervised industrial lending system, and are of a length which will not make too great a demand upon the space of any newspaper.

Upon receipt of a request I will be glad to send copies of these articles in the quantity desired.

R. F. Hartz,
Chairman of Publicity,
347 Bankers Trust Building,
Indianapolis, Indiana.

MARYLAND.

Tuesday, May the 12th, was Maryland Day at the Southern Exposition in New York City and an address was made by his Excellency Albert C. Ritchie, our governor who ascended the speaker's platform amidst a shower of roses and spoke in his usual eloquent way, making the day a memorable one for Maryland.

The Maryland Industrial Lenders Association also added to the memory of this day by holding their Ninth Annual Meeting, Dinner and Dance at the beautiful Emerson Hotel, where a feed worthy of only Maryland cooking was served to about one hundred and twenty-five hungry Industrial Loan Servants and distinguished friends.

C. Howard Hood, who we are delighted to call Mr. Chairman of the Maryland Association, in an unusually brilliant manner introduced the toastmaster of the evening who was none other than my friend, and everybody's friend Bill Young. Bill carried on in true Maryland style and we are proud of him. Several years ago Bill moved to some little town up Pennsylvania way and thought he could fool us by having some artist or mechanic remove three hairs from his eyebrows to his upper lip, and the funny part of it was everyone present knew it was Bill all the time and thought it was axle grease on his lip.

The first speaker of the evening was not only our lovable friend but is a true friend of every person of this great city which he represents as President of the City Council. The Honorable Howard Bryant, speaking on the "Old and the New," as only our Mr. Bryant can was a rare treat. Mr. Bryant told of actual happenings more than a quarter of a century ago when the old time loan shark flourished in this state, and said it was one of the most pleasant moments of his life when he was called upon in 1918 to lend his effort toward legalizing the small loan business in our state, a business so necessary to this community.

The next speaker of the occasion is also a representative of the people and all good Baltimoreans are exceptionally proud of, Herbert R. O'Conor, our States Attorney. , Mr. O'Conor, like Mr. Bryant, is a true friend of the people he represents and is exceptionally distinguished by being the youngest attorney representing the people of a city the size of Baltimore in all America.

Mr. O'Conor amazed us loan people with his keen knowledge of our business and paid it a high compliment when he said that during his term of office more than seven thousand cases had been sifted through his hands, and not a single complaint affected Industrial Licensed and Bonded Lenders.

Our genial toastmaster next called upon a Mr. Sweeney to make us laugh, and did he do it? Well, the writer expected every minute to see the manager of the hotel walk in and order us out or throw us out. Mr. Sweeney said when he was coming to the hotel by street car a colored gentleman in alighting missed his footing and took a tumble to the street, it was a jingle of glass and he felt something running down his leg, he grabbed his hip and said, "he sure hoped it was blood."

After listening to many good jokes and stories, the floor was cleared and we danced to the beautiful music of Bob Iula's Band. Even real old-timers like our good friends, Doctor Mueller, Virgil Moss, and old man Dobbins, my good friend, Mr. Daudelin of the Baltimore Association of Commerce just couldn't make their feet behave.

Oh, yes! We had punch and about eleven o'clock a very refreshing drink was served. One very stout couple while trying to dance was heard to remark that they did not need any punch as they were being punched enough.

We hope everyone thoroughly enjoyed themselves and will be with us again in November, February and May of each year and when get-together meetings, such as this, will be held along with our regular little monthly confabs where our everyday problems will be thrashed out.

Officers elected to serve for the ensuing year are: Chairman, C. Howard Hood 455 Calvert Bldg.; Secretary, H. T. Mattingly, 322 Equitable Bldg.; Treasurer, J. D. Goldrick, 201 N. Liberty Street.

HOWARD T. MATTINGLY,
Secretary.

INDUSTRIAL LENDERS NEWS

Every once in a while we receive a letter from someone in the loan business, inquiring why they have not received the NEWS regularly, or since a certain date. The answer is that this publication is the property of the A. I. L. A. and is maintained by part of the dues paid by its members, as the expenses come out of the general treasury of the national organization. Being a member of a State Association shows a certain degree of interest in the general movement to improve small loan conditions, but no part of the money paid in dues to the State Associations comes to the national organization as the two bodies are now constituted. In order to contribute your share to the running expenses of the A. I. L. A. and to help finance its publicity and legislative work, it is necessary to become a member of the national organization.

Some states have recognized the value of the INDUSTRIAL LENDERS NEWS to the extent that they pay for subscriptions to be sent to members of their state organizations who are not affiliated with the A. I. L. A. and some have even gone so far as to pay for subscriptions for all lenders regardless of the fact that they may not be members of either state or national bodies.

For educational purposes, the Executive Committee of the A. I. L. A. has always considered that public libraries, educational and public welfare institutions should receive the NEWS without charge, but at no time has it felt that because someone is in the loan business that they should receive the NEWS and other publications gotten out by the A. I. L. A. without helping to pay the cost. So if you are not receiving the NEWS regularly and you are not a member of the A. I. L. A. or paying a dollar a year for it, we hope that this article will make all the explanations necessary.

LEE H. PUMPHREY VISITS THE UNITED STATES CHAMBER OF COMMERCE THIRTEENTH ANNUAL MEETING

Before giving you a short synopsis of my visit for one day at the Thirteenth Annual Meeting of the Chamber of Commerce of the United States, I desire to state that I have learned that we, as members of the Maryland branch of that Association, have not in the past assumed our share of the responsibilities of making America prosperous by interesting ourselves in City, State, and National business and political problems, regardless of the fact that we may think they do not interest us directly.

During the war when all business was prosperous, ours was not an exception. This should prove that it is essential for us to be active in any organization that benefits business in general.

Our national conventions are held for the purpose of improving our ideals and to educate the public about our business, our rate, and so forth. At these yearly conventions we do some educational work, but it is a slow process, the opportunity is before us to educate at a faster pace. The big business man is within our reach. At the yearly meetings of the United States Chamber of Commerce, big business is represented from every corner of America. The men who control big business are eager to learn, especially about some other business. It is a diversion for them. At any convention or social affair their minds are more active in grasping a new problem, they leave at home their own business worries and can weigh and consider what we have to teach.

At the Thursday morning session of the National Chamber of Commerce meeting with President Grant presiding, Mr. John Willys, President of Willys Overland Company, Toledo, Ohio, made the first address; his subject on commercial treaties was both interesting and instructive. The motive for an address of this character was to stimulate interest towards increasing our exports, the audience learned through Mr. Willys that there now exists a necessity for a survey of the tariff treaties. He emphasized the fact that machinery is superseding labor, and that tariffs more favorable to American business will encourage mass production which will automatically demand an increase in the use of our natural resources, and also solve the problem of the unemployed.

Mr. John H. Fahey, American member of the Council of the International Chamber of Commerce, delivered the second address. Any listener to this splendid speech would readily agree that Mr. Fahey is thoroughly acquainted with international business problems and is qualified to render valuable advice and assistance for increasing American exports.

Few of us realized until told by the speaker that up until a few years ago, treaties on tariffs were one hundred or more years old their recent changes in principle have improved our foreign trade. Further advancement of this trade might be expected from business groups selecting committees to study such international problems so that the necessary tariff and duty changes be wrought that would permit us to expand and develop the largest national resources in the world.

The speaker could not forecast the international debt problem, his advice was to forget the European past and to accept as a beginning or foundation the Dawes plan.

The last speaker at the morning session, Mr. Elliott H. Goodwin, Honorary Chairman of the National Fire Waste Council, interested his listeners by quoting loss by fire of property and life statistics. To those who were responsible for reducing fire hazards, awards were presented.

The afternoon session of the insurance groups began with a luncheon at the New Williard Hotel, and very interesting talks on insurance were given by prominent representatives.

OHIO

BULLETIN No. 4
Springfield, Ohio,
May 21, 1925.

The Supreme Court of Ohio has decided the case of State v. Mehaffey. The law of the case is as follows:

"Section 6346-1, General Code, does not make it unlawful for a person, firm, partnership, association, or corporation to engage or continue in the business of purchasing, outright, salaries, or wage earnings already earned, without having first obtained a license so to do from the commissioner of securities."

Synopsis of Case.—Action begun in the Municipal Court of Cleveland: affidavit charged that one Jos. J. Mehaffey, agent of American Finance Company, did unlawfully engage in the business of making loans on salaries and wage earning, to wit, of making a loan on salary of one E. L. Kelly, at a charge and rate of interest in excess of eight per cent per annum including all charges, without first having obtained a license to engage in said business and otherwise complying with the provisions of Section 6346-1 to 10 of the General Code of Ohio. The evidence disclosed that defendant required customer to sign application to *sell* to defendant an undivided interest in account due him from employer for wages already earned and an assignment of such wages. In other words the evidence showed outright sales of wages. Municipal Court found defendant guilty—Court of Appeals reversed Municipal Court.

Condensed Opinion.—Robinson, J. The only question in this case is whether the Pawn Broker's Act, General Code, Section 6337, and following sections, covers and includes the purchase of salaries and wage earnings.

The answer lies in the construction of Section 6346-1, and following sections. Section 6346-1, General Code, provides: (See Page 3 of Survey).

It is argued here by counsel for plaintiff in error, who appears amicus curiæ, that it was the intention of the Legislature to make "purchasing" and "making loans on" separate and independent acts, and that each is dependent upon the phrase "salaries and wage earnings"; that the statute as written does not express its real purpose, and literally interpreted would lead to an absurdity; that the real legislative intent was to require all persons who engage in the business of purchasing salaries and wage earnings to first secure a license under the provisions of the act; that the court in some manner should ascertain that that was the intention of the Legislature, and, having so ascertained, should by the process of interpretation, effectuate the purpose which the Legislature had intended but failed to express.

It is the contention of the defendant in error that the section as punctuated by the Legislature makes it unlawful for any person to engage in the business of purchasing loans on salaries or of making loans on salaries, and that the section does not cover the business of purchasing salaries and wage earnings outright.

It is the contention of the state, through its amicus curiæ counsel, that this court should repunctuate this statute, placing a comma after the word "purchasing," thus making the statute read: "It shall be unlawful for any person . . . to engage . . . in the business . . . of purchasing, or making loans on salaries or wage earnings"; that the intention of the Legislature to so punctuate Section 6436-1 may be gathered from the history of the legislation.

The act as originally enacted is found in 102 Ohio laws, at page 469. As there enacted Section 6436-1 reads: "No person . . . shall engage . . . in the business . . . of purchasing or making loans upon salaries or wage earnings," etc., and was entitled "An act to regulate and license the loaning of money upon chattels or personal property of any kind and of purchasing or making loans upon salaries or wage earnings."

The Legislature next had this subject under consideration in 106 Ohio laws, page 281, where Section 6346-1 was amended. The amendment reads:

"It shall be unlawful for any person . . . to engage . . . in business . . . of purchasing or making loans on salaries or wage earnings"—and is entitled: "An act to amend Sections 6346-1 .. . . providing for the regulation and licensing of the loaning of money, without security upon personal property, and of purchasing or making loans upon salaries or wage earnings."

The section in its present form was enacted in 107 Ohio laws, page 509, as part of the act entitled "An act to provide for the appointment of a commissioner of securities . . . and to amend Sections . . . 6346," etc., which was passed for the purpose of transferring to such commissioner of securities the duties theretofore vested in the superintendent of banks.

It will thus be seen that the act has carried substantially the same title in its various amendments since its original enactment, and has carried with reference to the purchasing of salaries and wage earnings the exact phraseology and punctuation throughout.

It is also significant that Section 6346-5, as originally enacted (102 O. L., P. 479) provided: "No such person, firm or corporation shall make a loan upon chattels or personal property of any kind whatsoever or purchase, a salary or wage earning of another at a rate of interest or charge in excess of eight per cent per annum upon the principal sum"; that when amended in 106 Ohio Laws, at page 283, it was made to read, "No such licensee or licensees shall make a loan or purchase or furnish guaranty, or security, as hereinbefore provided at a greater total charge, including interest, than three per cent per month"; that the Legislature there dropped out of the section all description of the businesses, the operators of which were required to secure a license as a prerequisite to such operation, and by reference carried into the section the description contained in Section 6346-1, which description, in so far as it affects this case, has been unchanged throughout its history.

Section 6346-5, as originally enacted, would seem to have included the purchaser of a salary or wage earnings at a rate of interest. Whether the Legislature, in the revision of the act, had discovered between 1911 and 1915 that a "rate of interest," as applied to a purchase, was an inapt and inaccurate expression, and inconsistent with Section 6346-1, and therefore, for the purpose of consistency and clarification, eliminated it or whether it was eliminated for some other purpose the legislation does not disclose, but certainly an interpretation of present Section 6346-1 with a view to harmonizing it with repealed Section 6346-5, after the repeal of the inconsistent provision thereof, would be carrying the doctrine requiring the harmonizing of the provisions of inconsistent sections beyond the purpose for which the theory was evolved.

The Legislature having removed the conflict, the court would not be justified in attempting to reconcile a conflict which no longer exists.

The interpretation of the meaning of Section 6346-1 may be aided by the provision of Section 6346-6, which section requires a statement and receipt to be given the borrower or pledger, and requires the writing of the name of the person making the loan or purchase, the name of the assignor, borrower, or pledger, the amount of the loan, the rate or amount of interest charged, the date when the loan is made, and the date when payable, and requires the loaner or purchaser to "give the assignor, borrower, or pledger, a receipt for each payment of principal or interest." It may be further aided by the provisions of Section 6346-7, which is particularly applicable to the assignment of wages or earnings, and provides that "no assignment of any salary, wages or earnings, or any part thereof given to secure a loan shall be valid unless the same shall be in writing," and defines the term "assignment" as follows:

"The term assignment as used in this section shall include every instrument purporting to transfer an interest in or any authority to collect the wages, salary or earnings of such person. Any assignment of wages, salary or earnings, made in accordance with the provisions of this section shall bind the wages, salary or earnings earned or to be earned by the assignor until the loan secured by such assignment and interest thereon is fully paid."

The relations created by the transactions proven in this case are not those of debtors and creditor, but are those of sellers and buyer, to which the question of interest has no relation. The subject of discounts is not covered or approached in Section 6346-1 or succeeding sections, but the act throughout is replete with provisions as to loans and time of payment of principal and interest, all of which are unrelated to the subject of purchase and sale, or debtor and creditor.

If the practices of the defendant and others similarly engaged require the supervision of the commissioner of securities, that is a subject for the consideration of the legislative branch of this state and not for the courts.

This is a penal statute, and the mere fact that it is susceptible of more than one interpretation does not justify a court in so interpreting it as to bring within its scope transactions not clearly included therein.

The judgment of the Court of Appeals will be affirmed.

Judgment affirmed.

Marshall, C. J., Jones, Matthias, Day, Allen, and Kinkade, J. J., concur."

J. Fred Anderson,
Secretary.

Dayton, Ohio, May 24, 1925.

We are a bit happy down here in Dayton to-day and all days, since we inaugurated and proved the success of the Dayton Industrial Lenders Association. It is hardly possible that you have had the privilege of hearing about us, although we term ourselves as the working expression of the Ohio Loan and American Industrial Lenders Association; because we actually put to play the code of ethics you two Associations have so effectively launched into the Loan Field. You know we like to take the conceit out of our elders whenever we have that good opportunity by actually proving to them that what they say can be done and is done by our Dayton Association.

After so much of what we think of ourselves, we are really interested in knowing, if there are other units that meet our first qualification, and are also working out the common salvation of putting the Lending Profession on a plane with the recognized professions of our country. That is more possible than is really conceded by many of our opponents, though I say without fear of contradiction, we are doing it here in good old Ohio. Only to-day marked the climax of a great drive that was put over by our Chamber of Commerce for a large and mighty sustaining fund campaign—materially to boost Dayton—but ethically to rise to that plane that we are all putting our effort toward. Dayton Industrial Lenders were back of this thing, strong and with what financial support they were able to give. Where they could not match it with dollars their efforts were 100% effective in securing their fellow business men to do their share. We are materially interested in the present "Prompt Pay Campaign" being conducted by the Dayton Retail Merchants Credit Bureau, for the general education of the public at large and betterment of credit conditions. Thus far it has been very effective and beneficial to all members. These are only little examples of what an Industrial Lenders Association can do for its community, besides countless other bits of work for the good of their own profession. Therefore, I say to you it is a community asset.

Aside from this, let me point out to you the many striking accomplishments Association work has netted our own profession. Dayton is a creditor community and our Retail Merchants Association and Credit Bureau will bear out this statement, that this is a great city for credit competition, therefore, we are plunged at times into great chaotic conditions and the very moral fibre of our community shot with instalment plague; therefore, if calculations are to be believed losses are greater and risks are greater, such conditions demand the finest coöperation between the credit-granting merchant and Industrial Lender and in the day when a condition prevails, we are competitive in our exchange of information; even though we now have a fine code of ethics and a moral obligation to our great National Institution. Therefore, we have set about to destroy this evil and build in its place an everlasting monument to character, integrity and honesty of purpose in such a manner and imbued with such principle we will whip into play these destructive forces. Namely the establishment of a local Industrial Lenders Association—broad in its operation and coöperative in spirit and of high ethical standards. By this we mean—functioning for the common good of all; allying ourselves with the Retail Credit Men's National Association and Dayton Retail Merchants Credit Bureau and carrying forward the principles set down by our State and National Association of Industrial Lenders. We prove to you by one year's actual operation that we have gone far toward making Dayton a model city of Industrial Loans.

This Association has turned over to its Secretary the entire records of transactions of its offices for the past five years; these in turn have been carefully coded and a file of them established in the offices of the Local Credit Bureau with which the Secretary is affiliated. In turn the Lender now has complete access of the entire membership files of over seven hundred business and professional men, records of their experiences over a period of thirty years. This has been very instrumental in ironing out difficulties that have arisen in the past, not uncommon to other communities, of leaky information and false statements and have entirely eliminated doubling up of borrowers' accounts. This association has been organized in accordance with regular detail set out by the code of ethics and its meetings are entirely conducted by parliamentary procedure. We have our chairs established and officers are elective and for the term of one year and in this instance the post of Secretary is occupied by the writer who is associated with the local Credit Bureau.

There is a great spirit manifested here and it has been responsible for the many achievements, although credit is also due to the splendid manner in which the Credit Bureau have assisted and given of their time and materials. It would be in good stead for the other cities to take note of what Dayton has ventured to do, it pays big dividends and goes far in creating a kindly feeling in the minds of our people and is expressive in the fellowship that is enjoyed by those who partake of it.

Dayton will share her success with others.

J. D. Burwell.

We have a new member in addition to those carried above in The Community Finance Service, Inc. They have recently established an office in Dayton.

Would appreciate your putting my name on the mailing list for the Industrial News and other good bits of advice that would interest us down here in Dayton. And in turn feel free to ask what you would know of our association and what our intentions are and of how much assistance we can be in helping other cities establish their Industrial Lenders Association.

J. D. B.

GEORGIA

At the regular meeting of the Georgia Industrial Lenders Association and a special meeting of the Atlanta Exchange Bureau held in the office of Chairman Madison, 212 Healey Building, at 1:30 P. M., on May 22, 1925, the following resolution was offered:

"Inasmuch as it is to the best interest of all parties concerned, and more especially essential to the Atlanta Exchange Bureau that the Georgia Industrial Lenders Association strictly observe the following holidays by the closing of their respective offices. Therefore be it

Resolved, That the members of the Georgia Industrial Lenders Association and the Atlanta Exchange Bureau do adopt and agree to close their offices on certain holidays set out below:

January 1 (New Year's Day)—All day.

February 22 (Washington's Birthday)—One-half day from 1 P. M.

April 26 (Southern Memorial Day)—One-half day from 1 P. M.

July 4 (Independence Day)—All day.

First Monday in September (Labor Day)—All day.

November 11 (Armistice Day)—One-half day from 1 P. M.

Thanksgiving Day—All day.

Christmas—All day."

The resolution was carried and it was ordered that the Secretary cause the same to be spread upon the minutes, and that a copy be furnished each member of the Association.

Edw. M. Steimle,
Secretary and Treasurer.

Regular meeting of the Georgia Industrial Lenders Association was held in the office of Chairman Madison 212 Healey Building, at 1:30 P. M., May 22, 1925.

The meeting was called to order by Chairman Madison. There were ten members present. Those not present were Mr. Johnson, Manager of the Beneficial Loan Company, Macon; Mr. Lassiter, Manager of the Southern Security Company, Atlanta, and Mr. Turner, Manager of the Guar. Loan Co., Savannah, Ga.

Report of Treasurer

The Treasurer reported $92.54 in the treasury with all bills to date paid.

Report of Secretary

Secretary read correspondence from G. W. Kehr, National Secretary, in which Mr. Kehr requests that notice of the meetings of the State Association be published in the Lenders News in order that a greater attendance be had at the meetings.

Motion. It was moved by Mr. Sharp seconded by Mr. Adair and unanimously carried that notice of the meetings and schedule of events be sent to the National Secretary before the first of each month for publication in the Lenders News.

Report of Publicity Committee

Mr. Dismer reported that the Atlanta papers had made several promises to have the National Publicity Releases published. Their promises, however, were never fulfilled. Mr. Steimle reports that he has been successful in having all releases to date published in the Savannah and Macon papers through Mr. Turner and Mr. Johnson of Savannah and Macon who are members of the Georgia Association.

Motion. It was moved by Mr. Steimle and properly seconded that the Chair appoint a committee to get in contact with the advertising solicitors of the three Atlanta papers and arrange to have national releases published.

Mr. Dismer of the American Loan Company and Mr. Steimle were appointed. Mr. Dismer to get in touch with solicitors of the *Constitution* and *Journal* and Mr. Steimle the *Georgian.*

Report of the Special Committees
On Uniform Papers
Economy Loan Company
Association Seal

Mr. Herbert reported on the uniform papers stating that they have been drawn up and are now in effect and that a plate of the instrument had been made. Several of the companies are now using the new paper.

Mr. Snyder reported on the Economy Loan Company stating that he and Mr. Lassiter had interviewed Mr. Roberts, special attorney for the banking department and found that the Economy Loan Company was licensed by this department. He also stated he looked into the conduct of this business. Mr. Roberts promised to thoroughly investigate the matter and have something definite to report by the next meeting.

Mr. Davis and Mr. Herbert reported on the Association Seal to be used on the stationery, pamphlets, etc., by the members of the Georgia Association.

The Seal is the size of a fifty-cent piece, circular in form with a shield in the center of the circle. Diagonally across the shield between the two lines is the word "Coöperation." Inscribed around the circle are the words "Georgia

Industrial Lenders Association, A. D. Nineteen Hundred and Twenty-one."

Motion. It was moved and seconded and unanimously carried that the drawing of the seal be accepted and that cuts be made of same and held in possession of the Secretary for the use of those desiring same.

Report of the Membership Committee

Mr. Snyder reported that he called at the banking department and got a list of licensees none of which other than members of Georgia Association were eligible for membership.

New Business

The matter of holding quarterly meetings instead of monthly meetings was next discussed. Inasmuch as there was not sufficient business to hold monthly meetings.

Motion. It was moved by Mr. Herbert, seconded by Mr. Snyder, and unanimously carried that quarterly meetings be held instead of monthly meetings, and that the meetings be held at 1 P. M. at some hotel with luncheon, and that some prominent man be invited to address the Association. Also that the meetings be held on the first Friday after the 20th of each month beginning in July and on the same date every quarter thereafter.

Mr. E. M. Steimle, Secretary and Treasurer of the Georgia Industrial Lenders Association, was elected as a delegate to attend the National Convention, September 2, 1925, Providence, Rhode Island.

Edw. M. Steimle,
Secretary and Treasurer.

INDIANA

The tenth annual convention of the Indiana Industrial Lenders Association was held at the Lincoln Hotel, Indianapolis, Indiana, May 20 and 21, 1295.

Luncheon was served to 88 members and guests in the Lincoln Room, Wednesday, May 20 at noon, following which Mr. Jesse Hanft, representing the Chamber of Commerce, made the address of welcome to the convention, as follows:

Mr. Hanft: Members of the Indiana Industrial Lenders Association: I am more than glad to come over here, on behalf of the Chamber of Commerce, to give you a word of greeting and welcome. When groups of men bring their conventions to Indianapolis, we are trying very hard to make these men feel we'come—to feel that this is a truly courteous city.

I am connected with the Advertising Club of Indianapolis. A few years ago, we accumulated a fund of $50,000 here and brought the Associated Advertising Clubs to this city. When the Directors of the Advertising Club got their heads together we had this one object in view, in bringing that convention to Indianapolis—not to entertain the convention, but to make Indianapolis known from the Atlantic to the Pacific and, from the Gulf to the Lakes, as one of the most courteous cities in the United States. After that convention, we received many hundreds of letters from those men, complimenting us upon that one feature of our convention—and we have heard it in every one of our Nationail Conventions since—that Indianapolis is a truly courteous city.

In extending this word of welcome to you this afternoon, we want you to have a good time here. We want you Hoosiers from Indiana to feel that we are one of you and you are one of us. If there is anything that this Hoosier State should stand for, it is good fellowship and hospitality and courtesy. As business men, we are beginning to realize, as never before, that we should treat our customers upon such a basis as will bring them back to us with smiles on their faces.

I notice as I go down your program that you have men who will talk to you along advertising and educational lines. It is a wonderful thing to think that you men are grouped together here, in the business that you represent. There was a time when people were a little afraid to play in your line of business, but through your educational work, they are coming to understand the principles upon which you operate and to-day you are a real power in the State of Indiana.

And so I say we want you to have a good time here with us, and, when you go back home, you will have a kindly feeling in your hearts for Indianapolis and the Indianapolis Chamber of Commerce. Anything we can do while you are here to make your stay pleasant, we will be only too glad to do it for you.

Come back again; help us out in your own home Hoosier cities to make this State known as one famous for its hospitality and good fellowship so that, when strangers come from other States, they will go back home, feeling that they were in the hands of friends.

Professor George H. Tapy of Wabash College addressed the meeting on the "Perils of Prosperity." He spoke in part as follows:

Professor Tapy: I am sorry to say, Mr. Chairman, Ladies and Gentlemen of the Association, that I am not a member of the Indiana Lenders Association. I am not boasting about it; I am just making a confession. I am a member of the Ancient and Honorable Order of Borrowers.

There was once a wise old Philosopher who said that there was nothing new under the sun. He was not thinking of aeroplanes, or Fords, or things like that. He was not thinking of modern inventions; he was thinking of Human Nature.

Another Philosopher said: "The old order changes, giving place to the new." He was not thinking about Human Nature, he was thinking about the great world of inventions.

Both of these men told the truth. We come into the world to-day with about the same passions and desires that our Fathers had but we come into a world that differs widely from the world of our Fathers. This changeless individual, coming into an ever-changing world, has given rise to all the modern problems that the world is trying to solve to-day.

When our Fathers lived, they could live and prosper by themselves alone, but we are so completely tied together to-day that no man lives to himself alone. When Grandfather lived, the community was the neighborhood; but to-day the world has become a neighborhood. One hundred years ago, it was said that the Atlantic Ocean would be a barrier forever between Europe and America; but to-day it is no barrier; it is a highway between Europe and America; we talk under it, sail upon it, fly over it and whatever happens in Europe we will be in it, just as we were eight years ago, when we entered the World War. We are thoroughly tied together.

What has produced this change? The answer is simple. It has been produced by the fact that we have invented machinery. The machine is a harness which we throw upon the forces of Nature. We touch the button and the electric current does the rest. The greatest machine that the human mind has devised is the steam engine, which makes it necessary that the human race shall live together and the good of one is the good of all.

We seem to think that we are so much smarter and better than Grandfather was but that is not true, because these inventions are the accumulations of the race, and, for this thing which we call "Progress," we have to pay a price—and that price is something I want to speak of to-day. We pay a price for all this organization and it is a price that you Lenders will have to pay, just as well as everyone else.

In the first place, for this having to live together, we have to pay this price—we are not inclined to be as broad as Grandfather was; this working together has a tendency to narrow our minds; to make specialists of us. We are not going to junk our machinery—I am just pointing out what this invention of machinery and working together has done. It has meant a steady and increasing exodus from the farms to the city. We have a problem to solve here, with the city in it. All this invention of machinery has disintegrated the family. It has created big institutions, like your organization; and do you know, my friends, the bigger the organization to which you and I belong, the more we are inclined to surrender our individuality and depend upon the organization?

We are just as good as our Fathers but we don't support our institutions the way our Fathers did because they knew that the Government, being small, needed their support. How easy now for a man to stand on the street and say: "Why doesn't Congress look after this?" What are we going to do about all this?

I am not a pessimist. I will admit that the world is not as good as it ought to be; but it is infinitely better than it used to be. The American people will have to learn to be obedient to the will of the Group. This is practically our only salvation. Everyone has a right to discuss questions that arise but when the vote has been taken, then Minority and Majority must get along together. We must learn that the success of one depends upon the success of all. No one can succeed by himself alone.

We are so thoroughly tied together that no Loan business will succeed in a city when other financial businesses in that city are failing. No bank can succeed when other banks are failing. We either succeed or fail together.

Do you know what a Cancer is? A doctor told me not long ago, that a cancer is a perfectly healthy growth of flesh, feeding upon another body, but not in harmony with the other body, and so it kills the other body and then dies itself. That is the story of the profiteer in the world. In the short run, he will profit but, in the long run he will ruin the Body Politic upon which he feeds.

The Loan business depends upon the success of the people to whom you loan money. No one can profit if he thinks too much about his own business. He must have an objective point of view in the matter and, when his community succeeds, then he can succeed also.

A lawyer has a perfect right to make money out of his profession but the lawyer who says: "I am never going to give legal advice unless I know what fee I am going to receive" will have few clients in the long run. The lawyer who believes in giving good advice to his clients will have plenty of clients and make plenty of money.

I will illustrate this with a story. There was a sailor who had a parrot and this parrot was taught to speak English in the sailors' language. A preacher also owned a parrot, which was taught to speak English in the preachers' language. One time the sailor had to be away all summer and he took his parrot to the preacher to take care of. The parrots began eyeing each other and finally the preacher's parrot said: "Oh, brother, what shall we do to be saved?" He repeated this three times and the sailor's parrot, shutting one eye, replied: "Unless we all pump like Hell, none of us will be saved."

The application of that story, it seems to me, shows that in order to win we must help each other. When you make your loans for the benefit of the people who borrow, you all succeed and like each other. Service is at the bottom of it all. When you do things for the community and for the good of the town—no matter what the business, you are doing something worthwhile.

If you want to learn to hate a man, all you have to do is do him an injury. If you want to learn to love a man, do him a kindness first and then you will learn to love him.

And so, after all, it seems to me: "This old world that we are living in is mighty hard to beat. You get a thorn with every rose, but ain't the roses sweet?"

2 P. M.

Mr. Frederick E. Schortemeier, Secretary of State, was introduced to the convention and gave a review of the accomplishments of the 1925 Assembly.

The speaker said in part: It is a great thing to live in this State of ours—Indiana. Of all the States of the Union, Indiana, in the per capita wealth of her people, stands seventh; she has more miles of surface roadways than any other State in the Union; and, in the matter of education, Indiana ranks fourth among all the States of the Union.

In speaking of the accomplishments of the 1925 General Assembly of Indiana, Mr. Schortemeier mentioned the fact that, when the session was closed, we had 218 new laws in this State. One piece of legislation passed states that any corporation which does not make its annual report for three consecutive years, loses its charter. A bill was passed restricting the use of fire-arms. The Wright Bone-Dry law was passed. The gas tax was increased from 2 cents to 3 cents. The General Assembly passed two pure milk bills, making the standards for Indiana the same as those of the United States Bureau of Standards. A new weights and measures law was passed, which requires that in every county in Indiana, they must meet the requirements of the State's Weights and Measures Department and that the State Weights and Measures Department must use the standards of the United States Bureau of Standards. Every county over 30,000 population must have the Standard Weights and Measures.

Legislature placed the buses under the Public Service Commission. They are common carriers and the bus problem is one of the most difficult with which we have to deal. The Farmer Coöperative law was passed, and the new automobile law. We have now 36 State Police to enforce the new automobile law.

Those are some of the more important laws passed but if the Legislature had not done any more than pass the Garnishee Law, in my opinion, it would have been a worthwhile session. I shall give you, as best I can, in my limited time, just what the terms are, under which the new Garnishee Law may be applied.

In taking advantage of the Garnishee Law, the first step is to proceed against your debtor and get a judgment. We will say, for the purpose of our demonstration, that "A" is a creditor; "B" is a debtor; "C" owes "B" something. Since "B" owes "A," then "A" must go to Court to get a judgment and he must actually show that it was returned unsatisfied. "C" owes "B" something. This applies to profits or wages or salaries from "C" to "B," who owes "A." "A" files his affidavit against "C." The Law provides that there will be no docket fee and if "C" loses the suit, he must stand cost only for $3.00 and, beyond that, all costs must be borne by "A."

"A" goes to Court with the judgment against "B." "A" sues "C." The Court looks over the judgment and issues an execution, requiring "C," who owes "B," to pay to "A" 10% of whatever he owes him. If "D" owes "B" also, you can sue "D" also and get 10% and so on, down the line—but only 10% judgment can lie at any one time of that amount which "C" owes "B." The Law is not as strict as it would seem because any of the parties can move the Court to modify the judgment; therefore, when you have a Law, which seeks both honesty and is merciful at the same time, in that it does not apply in an extremely unfortunate situation, then you have a piece of legislation which meets the ends of Justice.

This act does not apply to any acts or judgments assigned. This Law does not apply to any debts which are standing now. The new law went into effect when the last County Clerk certified to the Secretary of State that he had received his number of copies—on the 28th day of April. This law provides that "No demands on contracts be made prior to sixty days after this Act takes effect"; this will be sixty days after April 28th, which would be approximately June 28th.

I have given you the outstanding points of the Garnishee Law. You can answer the question for yourselves whether the Legislators, regardless of their political affiliation, did not do a pretty good piece of work in incorporating the laws of Indiana during the 1925 session.

I never appear before a group of business men without realizing that, after all, it is such meetings as this which buoy us up, help to elevate the standards of business, and better qualify us in the maintenance of the highest standards in our business relations.

The Indiana Securities Commission spends two afternoons a week receiving applications to sell stocks and bonds. The men file in, in groups, and tell us about their proposition and, after they leave the room, one of us, on the Commission, says to the others: "Are those men honest? Do you think they meant what they said? How about their reputation for reliability in their home communities?"

What is my point? More important to you than your surplus at the end of the year or your profits, in a business way, is your reputation for reliability, dependability in your community. If that is once shattered, you can never restore it. If a fire should suddenly destroy your possessions, that would not be such a tremendous loss; insurance would take care of that, but if the wholesomeness of your business standard is lost; then you have lost something really worth while.

Henry Cabot Lodge once said: "We need monuments in America." He meant those things which made us think of the idealistic; a determination for a higher moral standard; the ability to say "Yes" or "No," as the facts in the instance might justify.

When Theodore Roosevelt passed to the Great Beyond, Warren Harding said: "It is little to say that he was a great executive; more to say that he inspired the American people to higher thinking and nobler living." And, by the same token, it is little to say that we are citizens of the greatest country in the world, but more to say, as individuals, and members of this association, as citizens of the United States of America, that we, in our respective spheres, encourage ourselves and each other toward higher thinking and nobler living, to the end that this modern America of ours may be handed on to unborn generations and that no hurt may come to the Republic.

Appointment of Nominating Committee

The president appointed as members of the Nominating Committee Messrs. George Farrington, Clarence E. Clift and H. H. Burrell.

It was moved that the reading of the minutes of the last session be dispensed with. Motion seconded and carried.

The treasurer's report was read in detail, showing receipts and disbursements, copy of which is on file at the secretary's office, and, upon motion of Mr. Clift, which was duly seconded and carried, the report of the treasurer was referred to the Auditing Committee.

The Auditing Committe consisted of Mr. C. E. Durnell, Mr. Hardesty and Mr. S. F. Smith.

"INDUSTRIAL FINANCIAL CONDITIONS"

By Mr. Dick Miller,

President of the City Trust Company, Indianapolis, Indiana

Mr. Miller: Mr. chairman and gentlemen: This is a subject, I think, of just as much interest to you as it is to me; it is of just as much interest to the man in wholesale or retail trade as it is to you or to me. We are all tradesmen, in legitimate businesses, along different lines and our activities are determined largely by the fundamental conditions of industry and finance; therefore, it is a subject of real importance to any man in business, in these days.

It is my opinion that it requires more hard work, more ingenuity, to make a dollar to-day than in many years. I am not saying that conditions could ever be such, in this wonderful, rich country of ours, whereby it would be impossible to make a dollar; but there are times when it is harder to make a dollar than other times—and this is one of the times when it is hard to make an honest dollar. In a good many of our businesses, there is a specific reason for that.

The difference between utilities and private bankers is that we bankers have no commission, which absolutely gives us a return on our capital. We realize how the expense of operation has mounted; and yet we are charging the same rate of interest as before the expense mounted; therefore it has come to the time when we must build efficiency in the business, to get the dollar, which is hard to get hold of these days.

There was a time, immediately following the World War, when a man did not have to work for a living—it just came to him. In almost every channel of activity, dollars were easy to get hold of and we have a tendency in these days to measure our business situation by the business condition of those days. We have simply got to get out of that frame of mind.

I take it that 1925 has been a disappointment to a great many people, as far as profit is concerned, because the expected so-called "great activity" in business has not come. The Curtis Publishing Company said that labor conditions are better now than they have been. I realize that, in a sense, the steel industry has been extremely active; the oil industry has been active; it seems that all big businesses have reflected a spirit of prosperity; but there has not been a balancing of the account. Somehow or other, it has not touched the little fellow. I don't know just how soon he will be affected by it. I do know this—that the so-called "prosperity" of the last three years, in the urban population of the country, came from the building industry, from the automobile industry, and from public improvement development—and in public improvement development, I class he railroads and institutions of that character, together with the municipalities that have erected great structures, which have caused a sort of prosperity among the great masses of the urban population of he country—and we have enjoyed the prosperity.

The fact that the farmers have not been on a dividend paying basis goes to prove that, after all, there can be no great inancial and industrial tragedy in this country, because our country is so absoutely rich that it cannot all go down at he same time. If it had not been for he extraordinary richness of this great country of ours, with the farmers down o the point where they were, there would have been a financial and industrial tragedy during the last two or three years.

I think we have come to the position where there will be a balancing of the budget between the urban and industrial classes and, when we get that balance, we will have a fundamentally sound basis of prosperity in this country. We have arrived at a time when we have to work for every single dollar that we earn. This is a year of reorganization of the business of this great country of ours.

We are now working on a readjustment of the foreign debt situation and when France becomes more at ease with egard to her financial position, it will reult in a reorganization of International ndustry, and better foreign markets for he products of the farms. There can be no such thing as stability of prices—agricultural prices—without a foreign market and there can be no foreign market until we get our international differences adjusted.

So I take it that this is a year when we are seriously beginning to study the situation; but remember that he is a lost prophet who tells you that we will come to the position where we were in 1919 or 1920—and if a fellow is a real red-blooded business man, he does not want that condition to arise again. He wants a fundamentally sound basis, from which we can reason, as business men. No man dares to make a budget in his business these last few years and, if you cannot do that, you are not in a scientifically conducted business. So what we all want is a fundamentally sound basis above all. It is a problem, of course, to conduct business in these days but it is a joy, at that. The fellow who does not get any kick out of trying situations in business is not the best type of American business man, to my mind. It is up to the business man to build efficiency into his business, whereby he will get that share which he deserves. It is our struggle for existence.

I happen to be engaged in four or five different kinds of business. There is no fundamental difference in the character of different businesses. The basis of all business is exactly the same—it requires stick-to-it-iveness, a love of the business—a desire on the part of the man, who is conducting that business to win out over obstacles in that business.

I have no fear about the future of America, in a business way and neither have you. We believe in America, in our great riches; we believe that she is of that particular type that guarantees to every man who renders a real service that he will get some return for that service and, if there is a thought which I wish to leave with you this afternoon, it is that we are years nearer a fundamentally sound basis of what we are pleased to call "prosperity" in this country than we were at the end of the war—because we are improving constantly and, if these seem irksome years, this had to come because it is a natural situation, arising after an unnatural situation, and it is up to you and me, in our respective businesses, to work this thing out and, above all things, let us get a pleasure out of it while we are working it out.

It was moved by Mr. Hancock that the secretary be instructed to write a letter of thanks to Mr. Schortemeier and Mr. Miller for their splendid addresses. Motion seconded and carried.

REPORT OF PUBLICITY COMMITTEE

By Mr. Broughman

Three pieces of publicity have been sent out recently. One member in every town has received copy for release to the newspapers, in order to bring our business before the public.

The chairman requested the different members, to whom this literature had been sent, to state what success they had met with, from their local papers.

Mr. Parker, of Logansport, stated that his local newspapers had coöperated with him.

Mr. Baum, of Fort Wayne, managed to get some of this data into the local papers, but said that some of the papers complained that this material was more of advertising than news and refused to print it.

Mr. Smith, of Evansville, suggested that the Ft. Wayne condition also applied to his locality.

Mr. Geiser's copy had been printed by one Newcastle paper; the Terre Haute papers did not publish the articles submitted to them. Mr. Bishop, of Indianapolis, reported that he succeeded in getting an eight-inch article in the *Times*. Mr. Durnell, by going direct to the city editor, was successful in having his article placed in the *Indianapolis News*, and Mr. Clift reported similar success on the *Indianapolis Star*.

Mr. Stratton: It seems to me that, after all, this is purely a business proposition. The newspapers in the towns, where they will not publish this stuff, are not sold on the Small Loan Business. In our town, the reporter wrote a nice arti- and put it on the front page. If you are going to get coöperation from your newspapers, you must sell your business and yourself to the newspapers. They are not running simply to help you make money on your business and, as a newspaper man told me once, they have to print what the people want to read.

Mr. Crunk said that the Anderson papers refused to print the copy because it was not "real news."

Mr. Arnett: Those articles which have been sent out are not "news" and can not be published. Advertising space in newspapers is for sale and we have no right to ask them to publish something that is not news.

Mr. Hartz: H. F. Woods, of New York, has been employed by the National Association to get these articles in. I am open for suggestion along this line and will send same on to Mr. Woods, who will prepare the publicity article.

REPORT OF MEMBERSHIP COMMITTEE

By Mr. G. W. Farrington

I went to the State House last fall and asked for a list of all licensed men, eligible to membership in this association. They told me that a number listed were not eligible to membership. I would recommend to the man who follows next year that he select a man in each town, to write him a list of all eligibles to membership in that town, who would like to come in. I think there are about fifty eligibles not now members.

We took in seven members during the last six months. There is not an eligible in Indianapolis who is not a member because we go after them. I think you ought to coöperate more with the next chairman and see if you cannot bring up this membership.

REPORT OF LAW COMMITTEE

By Mr. W. A. Zumpfe

You are all familiar with the case that came up in Terre Haute regarding the receipt question. Some of the attorneys thought it would be safer to use a form of receipt better than provided in the law of 1897 but we consulted our association attorney and he thinks it unnecessary to get a written receipt of that kind. In the Terre Haute case, the court agreed with Mr. Noel's opinion. It would not be a hardship to give a receipt but would take more time to do it and I am perfectly willing to do as our attorney, Mr. Noel, said and use short form receipt.

Regarding the figuring of interest. I presume you all saw the Supreme Court decision of Georgia, recently, which said that interest must be figured by the month and not by days. Some of the Lenders, in giving receipts, say for thirty-five days, would say: "One month and five-thirtieths." We must not figure thirty-one days to any one month but must always figure the month as thirty-days.

Regarding mortgages, some attorney recommended that, on mortgagse, we should provide the amount actually paid the borrower. I cannot find any reason for having that appear on the mortgage; neither does our attorney.

The Supreme Court decision of Georgia was published in the September issue of the LENDERS NEWS. It occurred to me that, under that decision, it would be safer to take a receipt for the receipt card—that is have the statement come at the time the loan is made. According to this decision, the burden of the proof would be on us. Under the old Act of 1897, we used to take a receipt of that kind. Since, under this decision, the burden of the proof would be on the lender, I think it would be safer to take a receipt for this statement.

I think it safer, also, to have the statement show that they received a receipt card and specify what the receipt card contained—for instance, "I have this date received from .... Loan Company a statement of loan, dated ...., made by me, doing business as ...., such statement being in the English language." Have this give fully the amount of loan, of interest charged, amount yet unpaid, and when it will be due. Said statement gives the name of the borrower and licensee and is in form of receipt card. Copy of Section 2 of the act is given in English on which this is made.

Mr. Hartz suggested that if there are any suits brought, that might affect all of the Lenders, that same be reported at once to the secretary and all possible assistance would be rendered.

MR. PARKER, Logansport: In 1917 the Legislature gave the power of issuance to the Secretary of State and in 1919 the power was transferred to the Bank Examiner. The question was raised recently in our city whether the Legislature had that power, without repealing the 1917 law.

The Chairman of the Law Committee stated that he would try to find out the facts in this matter.

SECRETARY'S REPORT

May 20, 1925.

Mr. President and members of the I. I. L. Ass'n:

We have at the present time 93 members, one delinquent for twelve months $25.00, and one delinquent from Dec. 30, 1924.

During the past year we have accepted eight new memberships as follows:

O. W. Storer, operating as National Loan Co. at Connersville, Marion, Indianapolis; Commonwealth Loan Co., New Castle; Lincoln Loan Co., Indianapolis; Connersville Remedial Loan Ass'n., Connersville; Ft. Wayne Loan & Discount Co., Ft. Wayne, Indiana; The Brooks Loan Co., Wabash, Indiana.

During the year we have lost one member, Capitol Loan Co. of Frankfort, who sold to the Legal Loan Co.

This makes a net gain of seven new members. During the year we have had a few legal situations raised which will be explained during the convention; the legislative situation was settled and will be explained by the chairman of that committee.

A suit filed to test the receipt law has been adjusted and will be reported by the Uniform Paper Committee.

A few accounts have been sent to this office for assignment to various offices.

Respectfully submitted,
ROY F. HARTZ, *Sec'y.*

It was moved, seconded and carried that the secretary's report be accepted and placed on file.

Upon motion duly made and seconded, the meeting adjourned.

BANQUET, WEDNESDAY EVENING, MAY 20th

MR. C. H. STRATTON, *Toastmaster*

The banquet was held at 6:30, 223 members and guests attending. Musical program finished, followed by dancing.

Mr. Stratton introduced to the gathering Mr. J. H. Aufderheide, President of the American Industrial Lenders Association, who spoke as follows:

MR. AUFDERHEIDE: Mr. toastmaster, ladies and gentlemen: I have been with you too many times, and I am too well known, to pose as a speech maker here to-night, besides you are soon to hear from several gentlemen whom I am sure have something of importance, and interest, to tell you.

It is customary for the Chairman of the American Industrial Lenders Association to attend the conventions and banquets of the affiliated state organizations. I have done so several times since I was elected Chairman of the national organization. At such times the national chairman usually prefaces any remarks that he has to make by complimenting the state organization upon their splendid attendance, their fine spirit, and the handsomeness of the men and the beauty of the ladies. In so far as I am a member, in good standing and of long standing, of the Indiana Industrial Lenders Association, I am afraid that any compliments which I should make to-night would seem like throwing bouquets at myself.

I have no message to deliver to the guests, or to the members of the Indiana Industrial Lenders Association, to-night. I desire, only, to say a few words because I feel that in the inner consciousness of many of our guests, and perhaps some of our members, they are asking this question: What is the American Industrial Lenders Association and this affiliated state organization which is gathered here to-night?

The American Industrial Lenders Association was organized in Philadelphia in 1916. It had for its object the improvement and up-lift of industrial loan conditions in the United States. It has broadened its scope since those days, but this association still maintains this same high purpose. Besides providing occasions for pleasant social contact between the members, and assisting and coöperating with the affiliated state associations, the American Industrial Lenders Association stands for certain high principles in the conduct of this necessary business. We are for right, fair-dealing and integrity; we are for perpetuating everything that is good in this business and we are for exterminating everything that is bad. We are for truth and squareness to the borrower and for rates of interest that are fair and equitable to both the borrower and for rates of interest that are fair and equitable to both the borrower and the lender. The American Industrial Lenders Association is for helpfulness to the unfortunate and against extortion; we are for law and order and decency. The Indian Industrial Lenders Association stands for the same high standard of ethics in the conduct of the industrial loan business in the State of Indiana. The national organization has no other purpose for its existence but to be helpful and beneficial to our membership and to make this necessary business honorable and clean throughout these United States.

Mr. Arthur Nash, President of the A. Nash Company, Inc., Cincinnati, Ohio, a man of wonderful personality, delivered in a dramatic manner the message of the "Golden Rule in Business."

Mr. Nash spoke in part, as follows: I was born here in Indiana and that was a thing that appealed to me, when Mr. Stratton called me over long distance and asked me to come over here and speak to you to-night. Anyone who was born and raised in Indiana can never forget this state—somehow or other, we keep coming back.

I have no intimate knowledge of the intricacies of your business. I came here for the purpose of telling you a little of my experience in life, and will have to start my story with the close of the war—with the beginning of my industrial experience. I want to say to you that I come to you to-night, not with theoretical ideas for the solution of the problems of humanity, but rather with the story of things accomplished; and, out of the facts has grown a very definite conviction with me.

I am almost always introduced to audiences as one that will try to convince them that the Golden Rule will work in any kind of business. I immediately correct that statement by saying that I am not simply claiming that the Golden Rule will work, but that it is the only thing in God's Universe that will work. Any other principle put into business of any kind will end in disaster.

I make that statement unqualified, based on all the history of humanity and whenever one builds upon the foundation of the Golden Rule in his business, he is doing just what the great Teacher of teachers said: "He is building upon a rock" and when the floods come and the storms beat upon that structure, it will stand, because it is founded upon a rock; but if it is built upon any other foundation, it cannot withstand the floods and storms.

We hear a great deal of talk these days about the Golden Rule. In the last four years, I have spoken to over one thousand audiences and there are very few of us who know that the Golden Rule is the very hub, about which the Philosophy of the Man of Galilee revolves. It is the summing up and putting into one sentence all of the Philosophy of the greatest Teacher upon this earth. A false claim that goes around the world is that the Golden Rule was given before it was given in the sermon on the Mount.

Jesus said: "Therefore all things whatsoever ye would that men should do unto you, do you even so to them, for this is the Law."

In order to live the Golden Rule of the Man of Galilee, every man and woman on the face of the globe must become our brother and our sister, children of the same Father as we, and we must deal with them as we would want to be dealt with, under all conditions.

Religion will never get anywhere until we make it solve the issues of our business and then this world will begin to find a solution of its problems and not until then.

This vision came to me during the great World War, when I was struggling through that dark period, when one son was lying wounded in a Hospital and my other boy was preparing to enter war. When the vision began to come to me, after thinking myself an atheist, I got down on my knees and said the first real prayer of my life. I had thought I had prayed many times before, but I never had prayed like this: "Oh God, if there is a God, show me the way and I will walk it."

Perhaps you are thinking that you didn't come here to listen to a sermon. I want to say this though—if there is anyone here who thinks himself an atheist, I have just this one challenge: Go down on your knees and pray that prayer honestly, and mean what you say, and I warn you, before you pray, be prepared to be led into strange paths. After I had uttered that prayer out of a bleeding heart, things began to happen so fast that I could hardly keep track of them.

I began to read the Gospel, to find the real Jesus, and I found Him to be a great Teacher of how to live here and now and found that His Philosophy was the Philosophy of Life and that religion was not a theory to be believed in but a life to be lived.

Mr. Nash then related the history of his own particular business, from the time it was a small "Sweat Shop" until the present day, when it is a large, prosperous and growing concern, and explained that, by living and bringing into practice in his business the teachings of the Golden Rule, this remarkable change had been wrought.

THURSDAY MORNING SESSION, May 21, 1925

The meeting was called to order by Mr. Davies, chairman, at nine o'clock.

Report of the Committee on the Adoption of Uniform Papers

By Mr. Francis L. Thompson

Our committee has been working for some time on the subject of Uniform Papers or standard forms. It has been our desire to present something concrete —something which be believed would be beneficial to every member of the association. We have looked into his matter from the standpoint of a complete survey of the Loan Law of Indiana and have awaited the completion of the survey in Ohio, put out by the Anderson-McKee Law firm. The survey has been completed and is a wonderful success as a piece of work. It is not as complete, however, as we would like to see a survey of the Indiana laws and our desire to-day is your authority to go ahead and complete a survey of the laws of Indiana, pertaining to the Loan business, in general that would have any bearing on our law so that we may put a piece of work on your desks that, whenever any question arises relative to the local phrase of the conduct of your business, you may turn to your Survey of the Indiana laws and have either Opinions or Case-Law on the subject.

Naturally, in compiling such a work, the association would be at an expense. We have succeeded in finding a firm of attorneys who will compile this work for us for $500.00. This is a good deal of money, but at the same time, it is a small item, compared to the benefit we can obtain from such a work. The printing of 500 booklets will cost somewhere between $400.00 and $500.0, which will mean, if this work is put into effect, that the association will be at an initial outlay of $1,000.00. The cost to the Ohio Association for 500 copies was around $819.00.

This survey will contain also a complete compilation of all the papers required by the law in connection with this work. There will be a copy of it in the book and further action, on the part of the association, for the printing and preparation of standard and uniform papers, will be up to whatever action you may determine upon.

The recommendation of this committee is that you authorize us to go ahead with the compilation of the printing of about 500 copies, one copy to be given for each membership. We would recommend that additional copies, which unquestionably you will all want, and which lawyers and other people interested will want, be sold at about $2.50 per copy. That would leave us in a position to practically close out the expense of compiling of this survey. The committee recommends to you that we carry on this work for a period of say two years and I believe that, for a very nominal sum, we can arrange for all decisions that, in any way affect your business, to be bulletined from your committee or secretary's office and, at the end of the two-year period, when the next Legislature has convened, we could get a complete review of all laws pertaining to our subject and they would be sent to you in supplemental form. Whatever charge would be attached to that would be problematical because we don't know how much or how little that might be. We believe this should be printed and bound in binder form, so that bulletins and supplements can be added to it, making a continuous work.

Mr. Chandler also spoke on this subject, stating that in his estimation, the price stated was most reasonable, considering the magnitude of the work involved. It was stated by the committee that it would take around five months to complete this work. Mr. Thompson stated further that as soon as the compilation of the survey is completed, copies of the mortgage note and the statement required by law and the receipt proposition could be submitted the members and then, in three or four more months, the completed papers would be ready.

Mr. Thompson: We have been asked to look after the forms particularly required by the law. Personally, I would like to see a standard and uniform set of papers, but I don't believe that is the desire of the membership, after the questionnaire which I sent out. I believe the desire of the Association is a note and mortgage and whatever might be necessary in the way of a receipt.

It was moved by Mr. Baum that the committee be authorized to continue their work and that one thousand ($1,000.00) dollars be placed at their disposal to cover the expense of the attorneys and the printing of the books. Motion seconded by Mr. Chandler and carried.

Mr. Leroy Sanders, of the Coffield Company, Indianapolis, addressed the meeting on "Local and Income Tax Problems."

Mr. Sanders gave a very concise interpretation of the Corporation and Income Tax.

Taxes is the greatest problem that the business man has to deal with said Mr. Sanders. Nearly one-half of the time of our legislators in the state and our Congress is taken up with the proposition of taxes. This subject will never be down to a sound basis until it is settled on a business plane.

I think, for the class of loans you fellows make, you should be allowed to take off at least 30% instead of 20%, and I had hoped, at one time, that the State Board of Tax Commissioners would see it that way too.

There are two items that I would advise you never to carry on your books as expense items. One is "miscellaneous" and the other "suspense." If the government asks you in four or five years what they were, you don't know. They can all be put under some of your other headings and thus be plainer to everybody concerned.

The following subjects were introduced for free and full discussion and lead by persons to whom subjects were assigned:

MANAGER'S RESPONSIBILITY FOR EDUCATING CUSTOMERS TO BE HONEST

Mr. C. G. Liggett, Dayton, Ohio: (The Quiz Committee for these subjects was composed of Mr. A. C. Broughman, Mr. R. C. Hardisty and Mr. C. E. Clift).

Mr. Liggett said in part: By having this legalized rate, we educate our borrowers to pay. The first thing you should do is to investigate the particular applicant who comes to your office. These borrowers are not protected in any manner and I think it is up to the managers to get in close touch with the borrower and find out what his troubles are, and thus try to help him; you will find out why they want the loan.

A woman wanted to borrow $300.00. She owed on her furniture but she wanted this money to pay off her debt on their Ford car. Why not tell people like this that they cannot be served, because their household furniture is not paid for. They should be educated to the fact that they should be honest and have good credit. A man without credit is like a man without a country.

Mr. Cliff: When do you educate him?

Mr. Liggett: Educate him before he makes the loan.

"HOW CAN THE ASSOCIATION BETTER SERVE ITS MEMBERS?"

By Mr. C. H. Stratton, *Sullivan, Indiana*

We have a fine organization in this state and I venture to say that you can go into any state in the Union and, in the small loan business, you will find less harmony and efficiency than we have in our state organization.

In my opinion, in order to have the association serve us better, we should give more service to the association. We must know more about our business. When we get a uniform set of papers, it will mean a great deal to us. What is good for one is good for all and we want to find the correct way to proceed. I think Mr. Johnson, the examiner knows that we want to do as near right as possible. We must watch the system of doing business between the lenders and borrowers and between the lenders themselves.

Mr. Stratton also complimented Mr. Hartz, Secretary of the State Association, upon his efficiency and untiring efforts on behalf of the organization.

In commenting upon Mr. Stratton's remarks, Mr. Arnett said: I think Mr. Stratton took the association, as meaning the officers. The officers certainly do serve the purpose of the association. I think that the reason why the association, at times, does not seem to serve the members is because the members do not assist the officers properly.

Mr. Liggett: I talked recently to a former member who does not attend our conventions any more. He said he got tired of always listening to the same members. Why not put other fellows on the program and give them the benefit of these little discussions?

Mr. Farrington: There are fifty or more loan men in this state who do not belong to our association. Being connected with the Membership Committee, I have been astonished at the inertia of some of these people who don't belong to our association and don't think it is worth $25.00 per year. If you have to write a man five or six letters to convince him that his association is worth $25.00 per year, then probably you have not put the proposition over correctly. We would like to hear from some of the fellows who just came into the association, or probably are thinking of dropping out.

Mr. Parker: I think these meetings are a fine thing. They help to keep us together and make us coöperate with each other.

Mr. Rose: I think it would be a good idea if we had a clearing house, the same as some of the Merchants' Associations have, for "dead beats."

Mr. Crunk, Anderson: In Anderson, we have about six loan companies but no organization. We have a plan outlined at this time, by which we are going to get together and organize in that city and see if we cannot induce new members to come into the organization. I think if every city throughout the state would organize themselves first, that would be an incentive to organize the state association in a better way.

Mr. Zumpfe: I think we are doing everything we can to satisfy the membership. I think that everything that comes up in the way of new legislation, affecting our business, should be given to the members and, if any of the members have troubles, of any kind, that might affect others, they should notify the secretary and let the matter be thrashed out among the officers. Let the members have all the valuable information possible, relating to our business, and not wait until we come to the annual meeting to have these matters brought up.

Mr. Hartz: This coming year, should I happen to be your secretary, if the members will send me, during the month, information of sufficient interest to the other members, I shall be only too glad to put it into a Bulletin and issue multigraph bulletins once a month.

Mr. Thompson: In addition to the questionnaire, which will be sent you, regarding the Uniform Papers, you can either send to Mr. Hartz or to me, as chairman of the committee, anything pertaining to the law that might affect our business. If you send this information to Mr. Hartz for monthly bulletin, he will forward same on to us. It is our desire that this booklet, when completed, will be the most valuable part of your furniture and fixtures.

NOTICE

To Members:

The first *Monthly Bulletin* will be issued on June 10th. It depends upon the coöperation of the members just how worth while this will be. Send your *Bulletin* data at once, to the Secretary, 347 Bankers Trust Bldg., Indianapolis, Ind.

INDUSTRIAL GROUP GATHERS FOR ITS QUARTERLY SESSION

Captain Tiffany Welcomes Visitors; Oscar Shumate Tells of Work Being Done

Members from all over Virginia of the Virginia Industrial Lenders Association met last night at the Virginian Hotel for their regular quarterly meeting. Following a dinner, several speakers filled the program for the evening.

Captain Stephen L. Tiffany was the first speaker. He was introduced by J. J. Price, of Roanoke, vice chairman of the organization, who presided in the absence of Edgar P. East, of Richmond, chairman, who was prevented from attending the meeting on account of illness.

Captain Tiffany welcomed the organization to the city and during his talk said that he believed this industrial lenders' organization is a needed unit in the commercial life of the present and that while in a sense it is on trial the records of its operation in this state have been such as to reflect credit on its purposes and the personnel of its organization. He admonished all members of the organization to so continue to conduct their business on a plane that would hold the confidence of the public and establish their reputation as in every way worthy of the public spirited idea behind the legalizing of their present system.

Oscar L. Shumate, of Richmond, former counsel for the state tax board was the next speaker. He told something of the history of the start of the present organization, reasons for its existence and the purposes that it hopes to attain in the community life of the cities. He pointed out the need for some system that would permit the persons without banking facilities to obtain loans at a price that they could afford to pay and quoted figures to show the rather surprisingly large amount of business that was done by this organization in Lynchburg last year.

E. F. Moore, the southern supervisor of the Beneficial Operating Bureau of New York, gave a short talk of the work of his department and the spread of the movement throughout the country.

Rev. A. N. Perryman who was a guest at the meeting invoked the blessing and also made a short talk.—*Lynchburg News, May 22, 1925.*

BANK OF HUMAN KINDNESS COMPELLED TO SUSPEND

Prisoners on Release Neglected to Repay Their Loans

Moved by the desire to help needy and worthy prisoners, William Pigott, a philanthropic Seattle manufacturer, put up $500 a few months ago to aid the down and out. The money was to be loaned only on the security of human nature, a promise to pay within thirty days, and its disbursement was entirely in the hands of Justice of the Peace C. C. Dalton.

Prisoners brought before the judge were advanced sums ranging from $2 to $20. The $500 was in due course drawn on heavily, but only one loan for $2, has been repaid. Two other debtors came back and asked for more time, but all the others vanished quickly. The judge and the philanthropist, somewhat more cynical, have suspended disbursements, at least temporarily.

The advances were confined to prisoners released by the court or discharged after serving terms in the county jail.

"I wouldn't have believed it," said Judge Dalton recently. "It looked like a fine idea, helping the lowly, retrieving lost souls and all that sort of thing. But hang it all, the souls won't be saved, and so we've got to save what's left of the bank."—*Philadelphia Public Ledger, May 24, 1925.*

SITUATIONS WANTED

A capable manager seeks a connection with a live organization. State location. Address X, Box 778, Harrisburg, Pa.

LOAN MANAGER

Young man desires position with Loan Company. Five years' experience. Address F, Box 778, Harrisburg, Pa.

FOR SALE

New large DieBold Safe—6 ft. high, 4 ft., 5 in. wide, 3 ft. deep, weighs 6,500 lbs. Equipped for loan office with: 7 document files, 10 4x6 in. card files, 20 collector card pigeon holes, Banker's Chest. Cost $650; our price, $250 F. O. B. Terre Haute, Ind.

M. Blumberg Co.,
315 Star Bldg., Terre Haute, Ind.

OPPORTUNITY

for men experienced in making Industrial Loans on Chattel Mortgage, under State license and supervision, to manage branch offices of a national system.

Applications will be treated in strict confidence. Write, stating age, experience and qualifications to

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 1. JULY, 1925 Price $1.00 a year.

MEETINGS SCHEDULED

OHIO.—Annual Convention of the Ohio Loan Association, Cedar Point, July 22, 23 and 24.

VIRGINIA.—Meeting of the Virginia Industrial Lenders Association, Wednesday, July 22, Jefferson Hotel, Richmond, Va.

GEORGIA.—Meeting of the Georgia Industrial Lenders Association, Atlanta, July 24, Henry Grady Hotel.

PENNSYLVANIA.—Meeting of the Pennsylvania Industrial Lenders Association, Reading, July 30, Eagles Mountain Home.

WEST VIRGINIA.—Meeting of the West Virginia Industrial Lenders Association, Thursday, August 6th, Charleston.

RHODE ISLAND.—Nation Convention of the American Industrial Lenders Association, Providence, R. I., September 2, 3, 4, 5, 1925, Biltmore Hotel.

MICHIGAN.—Meeting of the Michigan Industrial Lenders Association, Thursday, October 15th, Kalamazoo.

ILLINOIS.—Meeting of the Illinois Industrial Lenders Association, Chicago, Saturday, October 24th.

INDIANA.—Semi-annual Convention of the Indiana Industrial Lenders Association, November 18th, Martinsville, Ind.

PENNSYLVANIA.—Annual Convention of the Pennsylvania Industrial Lenders Association, November 18th, Bellevue-Stratford Hotel, Philadelphia.

OHIO

Bulletin No. 3.

Springfield, Ohio,
May 5, 1925.

The Eleventh Annual Convention will be held at Cedar Point, July 22, 23, and 24, 1925. This gets us there in the height of the season and we advise prompt reservation of rooms.

The Executive Committee has appointed Timmermeister, Taylor, Zimmerman and Anderson as the committee in charge of the convention.

To Timmermeister has been entrusted the delightful task of seeing to it that whatever entertainment the ladies desire, they shall have. If it be the merry-go-round, shoot-the-shoots, ice cream sodas, or what not, he is to see to it that their wants are supplied and the Association foots the bill. The fact is we should keep the ladies entertained. They-ve helped us all year at home, let's show 'em a good time.

In due time you will receive from the management at Cedar Point full particulars as to rooms and prices thereof.

Our book, "A Survey of the Ohio Law Relating to the Small Loan Business" and accompanying forms will be off the press probably by the time you receive this.

Each member in good standing is entitled to one copy for each licensed office maintained.

These will be mailed when each member sends in his latest address and name of manager and if member maintains more than one licensed office, a complete list of addresses thereof and manager's name. So please mail same promptly to the Secretary.

The Ohio Loan Association,
D. H. Pond, *Chairman;*
J. Fred Anderson, *Secretary.*

Bulletin No. 5

Springfield, Ohio,
June 12, 1925.

To all O. L. A. Members:

Owing to an opinion of the Attorney General, many County Auditors have required loan companies to make tax returns as banks.

On May 7, 1925, Judge Walter D. Jones of the Cuyahoga County Common Pleas Court, handed down an opinion in the case of Ulmer, etc., v. The Tax Commission, construing Section 5407, General Code, which defines a bank or banker within the meaning of Chapter 4, Title 1, part second of the General Code, which section in force at the time of that decision read as follows:

> "A company, association, or person, not incorporated under a law of this state or of the United States, for banking purpose, who keeps an office or other place of business, and engages in the business of lending money, receiving money on deposit, buying and selling bullion, bills of exchange, notes, bonds, stocks, or other evidences of indebtedness, with a view to profit, is a bank, or banker, within the meaning of this chapter."

It is conceded that the Ulmer Company was engaged in the business of lending money, its own money or that of its stockholders. The Court held that the Tax Commission was wrong in requiring this company to make a return as a bank, and says among other things:

> "It seems to be well settled by the authorities that the mere fact that a corporation is authorized to exercise some of the functions of a bank does not in law and in fact create it a bank."

Since this case was brought the Legislature has amended Section 5407, and it now reads as follows:

> "A company, association, or person, not incorporated under a law of this state, or of the United States, for banking purposes, who keeps an office or other place of business, and engages in the business of lending money, *and* receiving money on deposit, *and* buying or selling bullion, bills of exchange, notes, bonds, stocks, or other evidences of indebtedness, with a view to profit, is a bank, or banker, within the meaning of this chapter. *Provided that corporations or institutions organized under the provision of the act of congress, known as the Federal Farm Loan Act approved July 17, 1916, and amendments thereto, shall not be considered banks within the meaning of this chapter.*"

You will note that the words in italics have been added to the old section, and that the conjunction "and" in the original section, second word before bullion, has been changed to "or." This legislative enactment is exactly in line with the reasoning of Judge Jones in the foregoing opinion.

We are reliably informed that this case will not be carried up, especially in view of the new act.

In Re: Fort Wayne Printing Company Letter.

Please be advised that your Secretary, in response to a request of this company, did give permission to it to solicit printing, and furnished a list of members on the theory that probably some money could be saved to the members, but he absolutely did not authorize this company to make any such statement as is contained in the first paragraph of the letter which you recently received from the Fort Wayne Printing Company, and your Secretary has recently written this company demanding that its erroneous statements be immediately corrected.

You are advised that no law has been passed requiring the use of the forms set out in the Survey recently distributed. These forms were submitted as a part of this book and if you may feel that they are better than the forms that you are now using you of course have a right to use them and get them printed where your own sweet pleasure may direct, and this was the thought that your Secretary had in mind when he was imposed on by this company as above set forth.

Everybody is responding splendidly to the requests of our Convention Committee We are going to have a great time at Cedar Point this year—lots of fun—lots of good fellowship and lots of worthwhile discussion. Better do your convention room shopping early.

Respectfully submitted,
J. Fred Anderson,
Secretary.

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INDUSTRIAL LENDERS NEWS

Established 1910.

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—A. S. Edwards, 199 Bank St., Waterbury.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.

Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

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Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.

N. H.—D. J. Cote, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Va.—E. P. East, 601 Grace-American Bldg., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, W. M. Snow, 465 Congress St., Portland, Me.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, C. H. Watts, 135 Broadway, New York City.

Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Membership, G. Hodson, 135 Broadway, New York City.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—H. T. Mattingly, 322 Equitable Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—C. H. Watts, 135 Broadway, New York City.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

RHODE ISLAND

What Cheer Netop

That was the greeting of the Indians to the first settlers arriving in Rhode Island—"What Cheer Friends" but you who attend this year's convention of the American Industrial Lenders Association will find the "cheer" already supplied by the New England members and contributed to by the exceptional merits of "the convention city, Providence."

Make convention time "vacation time" and spend it where you will obtain dividends, not alone in pleasure but in worthwhile contacts and the helpfuul information that will be supplied by this greatest of all conventions. This event will be the most significant in the history of our association, plans will be formulated and proceedings started that will react to the immeasurable benefit of every Industrial Lender, most particularly to those who are here to take immediate advantage of them.

Come to Providence, your dividends of information alone will pay for your vacation.

Good times that every visitor will enjoy as a guest of his New England associates. We are expecting YOU. We have YOUR real old Rhode Island shore dinner, already ordered. YOUR transportation secured to Newport "America's finest watering place" and YOUR reservations for countless other enjoyable events. We're only waiting for you to accept our invitation.

That's fine. We'll see you September 2nd to the 5th. *Make your Hotel Reservations now at the Providence Biltmore, Providence, Rhode Island.*

S. S. Moran.
E. LaGueux.

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Providence Biltmore Hotel at 7:30 P. M., June 18, 1925. Meeting was well attended and was called to order by Chairman Rich.

Reports of Special Committees for Coming Convention.

Committee on Busses: Mr. Kennon and Mr. Delaney reported success. Motion made and carried to give the committee authority to negotiate and contract with Yellow Taxi Co., to guarantee us six large busses for Newport Day, September 4th.

Committee on Badges: Messrs. Delaney and Kefauver. Motion was made and carried to accept their recommendation and authority was given them to order required number of badges selected.

Committee on Entertainment: Messrs. Kennon and Smith reported progress. An appropriation was voted to secure theatrical talent for entertainment during National Convention.

Committee on Souvenirs: Messrs. Moran and Dwight reported and showed members some very choice samples. An appropriation was voted for souvenirs to our guests at National Convention.

Committee on Outing at Rhodes: Messrs. Delaney and Findlay reported progress. This matter was discussed by the members and upon recommendation Wednesday evening was made an open night instead of the outing. Circulars will be printed touching on different places of interest that may be visited that evening.

Committee on Newport Outing: End of arrangements Mr. Lewis, reported at length as follows:

Busses to leave Providence Biltmore Hotel Friday Sept. 4th, at about 9 A. M., bound for Newport, R. I., a delegation to meet same at Newport city limits upon arrival. You will then be taken on famous Ocean Drive renowned, the world over for its picturesque beauty, returning lunch will be served at 11:30 A. M., where Mayor of Newport and President of Newport Chamber of Commerce will welcome guests. After lunch four trips have been arranged, guests to choose from circulars to be distributed a guide to accompany each bus to point out places of interest.

Trip No. 1—To war college—special drill at barracks has been arranged.

Trip No. 2—A walk through the estates of millionaires' colony or better known as Cliff walk, going through the summer estates of some of America's richest men.

Trip No. 3—Admittance on battleships at anchor and to torpedo station. Association badges will be our entrance card.

Trip No. 4—A visit to the exclusive St. George College, the most aristocratic institution of its kind in United States, a trip to Purgatory Rock, Hanging Rock and Sagan Beach.

After these trips a real Rhode Island clam bake at Newport Casino such as only Rhode Island can prepare, will be served at 4:30 P. M. There will be music, and speakers will address guests, Marine Band possibly will furnish music. There will be music and dancing at the Casino and surf bathing at beach for those who prefer to enjoy these pleasures.

Mr. Lewis: I am arranging for photo to be taken at noon lunch. After this busy day we will return to Providence by same conveyance.

A rising vote of thanks was given to Mr. Lewis for this splendid program.

A local registration committee was appointed as follows: Messrs. Delaney, Pomfret, Lewis, and Findlay. The secretary was instructed to secure honorary members or ossistants on this committee. A motion was made to this effect and passed.

Committee on Program: Appointed Mr. Moran.

Secretary was instructed to secure a publicity man for the National Convention.

Motion was made and seconded to stop group advertising during summer months and that surplus funds, if any, be turned into State Association treasury. Passed.

Chairman Rich read a letter apropos to amending existing State law to file instead of recording chattel mortgages. After discussion it was voted to lay this matter on table.

Chairman Rich read a letter relative to suggestion to have State Chairman meet other State Chairmen to discuss and exchange ideas. Voted to lay matter on the table.

There being no more business meeting adjourned.

E. LaGueux, *Secretary*

YOUR HOTEL ROOM

Have you made your Hotel Reservations for your stay in Providence? Write to Providence Biltmore, today, if you have not already reserved accommodations.

City of Newport, R. I.
Executive Department

Newport, R. I., June 17, 1925.

American Industrial Lenders Assn.,
76 Dorrance St.,
Providence, R. I.

Dear Sirs: Mr. Lewis has just informed me that the Convention of your association to be held in Providence next September, has honored us by setting aside a day to be known as "Newport Day" on September 4th. I wish to say that we are deeply thankful for this consideration and that you will be royally welcomed to Newport, Queen of the World's Watering Places, one of the oldest and most historic cities in the Country, with magnificent estates, beautiful natural scenery and peopled by men and women, whose spirit of hospitality is not exceeded by any in the world.

Sincerely yours,
(Signed) Mortimer A. Sullivan,
Mayor.

Newport Chamber of Commerce
Newport, Rhode Island

June 17, 1925.

American Industrial Lenders
Association,
Rhode Island Branch,
76 Dorrance St., Room 221,
Providence, R. I.

Gentlemen: The Newport Chamber of Commerce is pleased to know that the American Industrial Lenders Association has planned to visit Newport on September 4th during the time of your annual National Convention, and begs an opportunity to be of service in any way to help make your visit one of pleasure and profit to your members.

Newport is a unique American resort city of unusual significance as to its natural charm, its scenic beauty, its magnificent climate, its wonderful drives, its safe beaches, its lovely estates and gardene, of which you will have but a passing glimpse during your short stay. We know, however, that you will want to return at some future time when you can extend your visit over a longer period.

Newport extends to you a hearty welcome.

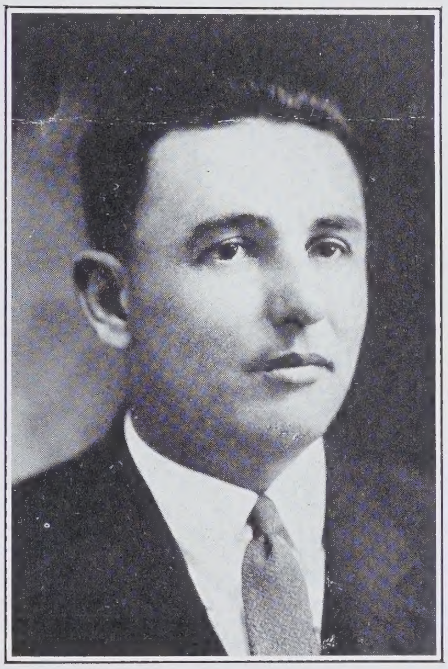
Very truly yours,
(Signed) W. C. Campbell,
Secretary.

VOLUNTEERS WANTED

The National Secretary has again been delegated to make up the business program for the National Convention to be held at the Biltmore Hotel, Providence, Rhode Island, September 2 to 5. He is not concerned with the social features nor with the outside speakers, as these details are in competent hands and will be up to the usual high standard. What he is after is the member who does not attend his state meetings or national conventions because he is tired of listening to the same people. If there was ever an effort made to get new blood into the business program it is being made this year.

The State Association officers have been written and requested to suggest the names of persons and subjects which have never before appeared on a national convention program. As the State Association officers are all busy with their own business, they probably will not have much time to make this canvass, so this is a direct invitation to all readers who are members of the A. I. L. A. to come forward with their suggestions as to persons and subjects for discussion at the National Convention. Speak up promptly. Tell the National Secretary who has never been on the National Convention program. What subject of importance has never been discussed? Is anything wrong with our policies? Do the officers function as they should? Let's all help to make the Providence Convention a success by contributing more than our dues. Who will be the first to volunteer?

The Trustees of Russell Sage Foundation have appointed Mr. Leon Henderson Associate Director of the Department of Remedial Loans of the Foundation, to take effect September 1, 1925.



Leon Henderson,
Newly Appointed Associate Director of the Department of Remedial Loans, Russell Sage Foundation.

Mr. Henderson is thirty years of age, and comes from New Jersey. He is an A. B. of Swarthmore College and took graduate courses for three years in the University of Pennsylvania and the Carnegie Institute of Technology. He taught industrial geography and economics in all three of these institutions. He was employed for one summer as agent for the Swartmore Chautauqua, in which position he showed ability to influence business men.

He has also done some work as reporter for a local newspaper. During the World War he served in the Ordnance Department where he was in charge of the Washington District Property Office and later of the Ordnance Property Section and its district offices. He rose from private to the rank of captain. He had charge of personnel work, of accounting and of the development of property accounting procedures concerning plants built by the government for manufacturers. He has been until recently Deputy Secretary of the Commonwealth of Pennsylvania, Director of Accounts and Secretary of the Retirement Board. His responsibility there has been for classifying state employees, improving the procedure for employing personnel, and for promotions, salary increases, and the maintenance of the State's retirement system.

CALL FOR VOLUNTEERS

When industrial lending was rescued from the hands of men whose methods had made it a reproach this result was accomplished largely through the power of publicity. The reform of the business was brought about by necessary legislation, which was only made possible by a policy of making known all the facts about lending.

We have emerged from the dark age of lending, but our work is not finished. There is a large area of our country where the Uniform Small Loan Law has not been enacted, and until we have convinced the legislatures of those states of the wisdom and necessity of this law our business can not thrive as it should.

We can not win over public sentiment to our course unless we constantly and consistently appeal to it. Our best appeal lies in regular and widespread publicity which will convince the public of the legitimate, necessary and constructive character of our business.

That is our job, and volunteers are needed in putting it over. State Chairmen are helping by distributing the articles prepared by the publicity department to the newspapers in their communities, and by endeavoring to have them published.

Just drop me a line telling me how many copies you can use and where to send them, and I will be glad to comply with the request.

R. F. Hartz,
Chairman of Publicity,
347 Bankers Trust Building,
Indianapolis, Indiana.

PRACTICAL APPLICATION OF "CODE OF ETHICS"

By Mr. A. V. Keeney, *South Bend, Ind.*

Sometime ago I was requested to make a few introductory remarks opening a discussion of the "Practical Application of the Code of Ethics" which was adopted in the Convention of American Industrial Lenders at Baltimore last September.

This code has its basic foundation in Article II of the By-laws of the American Industrial Lenders Association and the General Principles of Business as promulgated by the United States Chamber of Commerce, as presented in Article I.

Therefore we will begin with Article II.

Proprietors, executives and managers of either chain organizations or individual offices reveal to the public what the business is within. Men in these positions should possess the following qualifications:

Personal appearance should be such as becomes a successful business man and general attitude toward the public that of courtesy and helpfulness. His associations and personal habits should be such that he will never bring discredit on the business.

The owners of financial institutions like ours should insist that all employees qualify under Paragraph I of this Article. The type of men employed reflects the dignity and importance of our business for the public may be fully expected to appreciate the business in proportion to the character of the men operating it.

When men of high type are at the helm, those charged with the enforcement of the laws regulating the loan business will have very little trouble. These men, because their high ideals and upright principles impel them to conduct their business along lines that are honorable, obey not only the word of the law but the spirit also.

There is no danger of them exceeding lawful rates or charges for loans. For this there are two reasons. First, the lawful rates are adequate when the business is conducted economically and, second, the service they bestow on their fellowmen in time of need—when perhaps there is none other to whom they may turn—is an additional satisfying compensation.

Men of this caliber always conduct their business with a view to the welfare of their clients—ascertaining in an unoffending way, the condition of their personal affairs—that they may not be burdened by their dealings with the loaning organization in which they have come in time of need. They make sure their clients know that they have placed their confidence in an institution that will help them solve their problems and give them the kindly consideration they deserve.

Concerning Article III in our Relations with Borrowers. It is a surprisingly valuable asset to have a high reputation with borrowers—our own clients, the actual basis of our success. Not only is there the reward of knowing that they have implicit confidence in your giving them a "square deal" but they pass it on to the other fellow. When some friend or acquaintance drops a hint that he is in need of money, your client does not hesitate to recommend the company with which he deals. He recalls that he has been dealt with honorably and has always received courteous, helpful and friendly service and advice, such as he was entitled to along with the money borrowed. He is pleased and ready to tell others and recommend the company whose manager and employees he found to be men with whom he considered it a privilege to transact his business.

Deal with your patrons so that you may have their high regard. Be strictly honest with them in all things. If errors creep into your transactions with them as they may do sometimes, rectify them the moment the mistake or omission is discovered. Do not let it go until your client calls your attention to it. Even though you correct it then, he will not appreciate it so much as if you are the first to mention it.

Create "Good Will" by impressing all prospective customers with your desire to have them thoroughly understand all contracts and other papers which they may be required to sign. Do not perfunctorily answer questions that may seem unimportant to you, but cheerfully explain to them your method of dealing and other matters in detail so that they may fully understand what you expect from them and what they will get from you.

It is many times a difficult and delicate matter to determine when an applicant is incompetent to transact his own business but successful managers will discreetly and tactfully refuse the application of those whom they believe to be in this class.

For the good will we enjoy from the great majority of people with whom we deal, we owe a great deal to our "Outside Man." Upon him depends the investigation and appraisal of property and he is not under the constant observation of the manager or head of the organization. If he gives offense or makes an error, the manager is not handy to rectify it. The mistakes he makes may never come to the attention of the manager and good business is lost or business that might have been obtained is never gotten. Make sure the man you trust with this important position is competent, considerate of the feelings of others and above suspicion.

Paragraph 10, Article III—Evasion of Our Loan Laws. I do not believe we have a member in our association who needs to have this discussed on account of the manner in which he is conducting his own affairs but it might not be amiss to caution him of unscrupulous lenders who resort to unlawful and unethical methods. When such instances are found there should be no hesitancy in reporting them to the proper authorities and in lending all possible assistance in compelling these people to mend their ways, or change their business. Such concerns are detrimental to all doing a legitimate business as their unlawful and unprincipled acts are always broadcasted on the loud speaker and we have no opportunity to explain or reply.

In our relations with our employees it is not only necessary to instruct them in ethical conduct but every owner and manager should so conduct himself both in and out of his office that his may be a worthy example for his employees.

I believe it to be a rare instance in our organization where an employer is so unappreciative as not to advance his employees in proportion to their ability, efforts and progress. We find this verified in practically all offices by the fact that our employees are second to none in any other line of business in point of loyalty. This statement needs no corroboration other than the observation that those in our employ seldom leave the business and make but few changes. This is convincing evidence that their efforts and loyalty are being properly recognized.

In our relation with public officials, there is little to be said to the members of our Indiana organization as to their individual conduct but it might be well for each of us to be more alert in assisting to guard the business and dignify it before a public that is not able to distinguish between our members and nonmembers. The bit that we may do along this line in coöperation with public officials will do much to impress unscrupulous lenders with the necessity of obedience to the law.

Friendly coöperation with other lenders, both at home and in other cities is essential to our welfare. Harmony is the strength of our institutions and this can be maintained only by our being open and frank with each other and exchanging information on a strictly truthful basis, lending assistance when needed and never resorting to sharp practices for the sake of ridding ourselves of undesirable accounts.

As to "doubling," comment is unnecessary as I am sure that anyone who has tried it has found it extremely unprofitable to himself even though he had no regard for his competitor whom he materially injures.

Paragraph 6 of Article VI regarding our conduct with our competitors' patrons embraces some very good advice and I believe should be followed strictly to the letter. And I believe it is, generally, as most of us are too busy getting out business by legitimate methods to give up our time to unethical means.

If we will practice the Code as written in the first six articles, we will have little trouble in placing our business in the proper light before the general public.

Affiliation with commercial and civic organizations is a long step in the right direction as it affords a means of creating and disseminating favorable impressions of our business among people who are in the main nonborrowers and know little about it. And do not forget to contribute liberally, both in time and money, to the projects sponsored by these different societies for they are directed by men of sound judgment and reason and therefore demand our respect and are worthy of our support.

Paragraphs 3 and 4 of Article VII regarding the loaning of money for immoral or dishonest purposes and the identifying of ourselves with questionable enterprises are acts which I do not believe are practiced or condoned by any of our members, but to whatever extent they may be found, they should be severely condemned and blotted out.

False advertising is a thing that is most objectionable but within our membership in this state it does not exist to such a degree as to deserve devoting any time to it.

This code has been adopted by the American Association, hence it is worthy of being our code. It is a practical code, easy of application and advantageous to observe and practice. It is replete with rules for the ethical conduct of good business, so let us all subscribe to it by putting it into daily practice twelve months out of every year, to our success, to our mutual advantage and honor.

Mr. Austin Potter, Lima, Ohio: The Code of Ethics is a good thing but only as good as the members make it. If each man does not take the Code of Ethics into his own business, day by day, it won't do him any good. The only way by which you can make a practical application of the Code of Ethics is to apply it daily and thus it will work, not only to the advantage of the member, but also to his business and customers.

Mr. Hartz suggested that this Code of Ethics be revised in such a way that it could be put in a small frame, taking from it the important features, so that each member might place same in his office for the observation of his customers. Each member of the association will have one copy for every dollar paid into the association.

Mr. Farrington: I think the most practical way of putting this Code of Ethics into application at once is for the cities, which have not already done so, to get their members together more often and talk over this Code.

It was moved by Mr. Farrington that a committee be appointed to draft out the most important features in the Code, of Ethics and that same be sent to each member framed. Motion seconded and carried.

The committee appointed by the president consisted of R. C. Aufderheide, chairman; W. A. Zumpfe and R. F. Hartz.

WHY A TRADE EMBLEM IS IMPORTANT

By Mr. Fred E. Circle, *Newcastle, Ind.*

The reason a lot of people don't join our association is because they think we cannot do them any good, as an association. I think, by the means of a trade emblem, we cannot only do them a great good, but they cannot afford to stay away from the association. We men who come to the meetings are sold to the idea or we would not be here. I think our proposition is to sell this association to nonmembers and also to use the association as a means of letting the Public know that the loan company stands for something besides the actual profit derived from each and every transaction.

Do the people in your town know that you belong to the Industrial Lenders Association or do you just let them find it out from contact with your office?

I have prepared an emblem, setting forth the fact that we stand for fair and lawful methods. If that idea appeals to you men, I will go into further detail and tell you how you can get it.

Mr. Paul Hancock: I think the emblem would be worth while and a valuable thing for us to use. Some of the members now are using the national emblem and putting it on their stationery. Almost all organizations have some sort of emblem, which means something to them, and I think it would be a good thing for us.

Mr. Circle then displayed an official sketch, drawn by an engraver and ready for the plate. He stated that the Patterson Engraving Company of Indianapolis had worked with him on this sketch, without cost, with the understanding, if the convention does not care to take the emblem, there would be no expense attached to their work, but if the emblem is adopted, they, of course, would expect the job of the electrotypes. Mr. Circle continued: My idea is that it should, by all means be on the association's stationery and used on every piece of printing that goes out in the name of the association. This Code of Ethics that we are going to print should bear that emblem on the front cover. The individual members of the state association should be the only ones allowed to use it because it is a state emblem. If we make it our business to show that we are proud of the fact that we belong to this association and are advertising that we belong, the prospective customer gets it into his head that we have something worth while.

It was moved by Mr. Stratton that this matter of emblem for the state association be referred to the Board of Directors. Motion seconded and carried.

It was moved by Mr. Bloomberg that the association thank Mr. Circle for bringing this matter up. Motion seconded and carried.

HOW LONG SINCE YOU CHECKED YOURSELF UP?

By Roy F. Hartz

Mr. President and members of the Indiana Industrial Lenders Association:

Apparently this subject may seem odd or queer to you, it did so to at least one member who was asked to accept this assignment. He replied that he did not care to deal with comedy. As I see this subject it is not comedy, but good common sense. Each of us has a yardstick by which we measure our success in life. No man likes to be preached to by his employer, but every man who amounts to anything takes off time once in a while to do a certain amount of preaching to himself. They have a yardstick (a mental yardstick, if you please) by which they measure their capacity. Whenever they find their attainments falling short of their requirements, they set about to increase their own size or the employer sets about to find some one who can measure up to the requirements.

Since 1913 when the first loan law regulating the loan business was enacted, we have constantly from year to year adopted new business methods, fundamental changes in the character of doing business and these fundamentals have and will be the instruments by which our business will be measured and raised by the public.

A great step forward is being made each year and the interchange of thoughts and ideas on loan questions at our State and National Conventions enable each of us to improve our own way of doing business. It is needless for me to tell you the many faults most of us possessed under the old régime.

So in marking with this 10th annual convention in our organized effort to improve our business, I personally feel the Check-Ups I will mention will do no harm, but will remind us again to be careful in all our relations with the public.

I realize further it is difficult for a loan man to avoid all of these Check-Ups, but these Check-Ups do not come from any one community. I believe they apply to all communities alike. They constitute, literally, a cross section of bad habits of Lenders, therefore, by contact they reveal the good habits which every Lender should try to cultivate.

1. *Don't misrepresent*—Your customer will sooner or later find you out. You can never tell how many persons you will send out to work against you. It is the kicker who is not known that does the most damage.

2. *Don't slight a small loan*—It is your duty to give the small borrower the same consideration and service as the large one. You never know when the small borrower will be a large one and how many customers he may send you.

3. *Don't argue*—Arguments often lead to the loss of temper by either you or your customer and that usually means the loss of a customer.

4. *Don't contradict a customer*—It is equivalent to calling them a liar. An affront which few people forget.

5. *Don't be a grouch*—If you are not feeling well, *don't* bring your frowns to the office. Your associates don't like them, neither does your customer.

6. *Don't knock a competitor*—If your customer mentions a competitor, if you cannot speak a good word, don't say anything.

7. *Don't ask questions in such a way to make it easy for the customer to give the answer you don't want*—This especially applies to collections. Your questions can always be worded in such a manner to compel the answer you want.

8. *Don't permit your likes or dislikes from pleasing your customer*—Remember at all times the customer is the one to please and not yourself.

9. *Don't hurry*—Take sufficient time to explain fully every detail which the customer should know. Get them to visualize your position with the company when payments are not made promptly.

10. *Don't talk too much*—You are not running a vaudeville show. It is not necessary to entertain your customers. Unless you are very personally acquainted with them, don't lead yourself into a lengthy conversation, that is needless. Other customers may be waiting for you and in a hurry. By all means know when to stop talking.

11. *Don't act indifferently*—If your approach is automatic it gives the customer an impression that you have been *"drilled"* and have no self judgment. How easy is this to do and how many of us approach a customer in an indifferent attitude. The public likes a certain amount of aggressiveness. Approach the window or the customer as though it was a pleasure to serve them and not as though you were just being paid to wait on them.

12. *Don't fail to oblige*—It is one of the best mediums to build your business. Be willing to go out of the way to favor a customer. Make them feel that you appreciate their business.

13. *Don't touch your customer*—It is ungentlemanly to touch a lady and it is uncouth to paw over a man. Keep your hands off the customer and your mind on your business.

14. *Don't promise too much*—It is far better to have the customer realize that you have under-rated your service than to have your attention called to a promise made when the application was made that has been broken.

15. *Don't be a slouch*—Don't wear a dirty shirt or collar or unpressed clothes. Don't slouch about the office. You must create enthusiasm. You can't do that if you look sloppy. No one likes to do business with a person whose appearance does not show prosperity.

16. *Don't neglect a customer's complaint*—The wagging tongue of a customer can do more harm than several dollars spent in advertising can do. Your best asset is a satisfied customer.

17. *Don't get familiar with a new customer*—Don't think you can judge them all at first sight. Play safe. Some people are touchy, meet them with a smile, study their personality and watch your step.

18. *Don't worry about the failures of yesterday*—If yesterday's business was not up to the standard, go out just a little harder to-day and to-morrow. *Don't* worry about it. Worry never accomplished anything except to cast a gloom over success.

19. *Don't forget names and faces*—It is a part of your business to remember names and faces. It makes a customer feel better to know that you have remembered his or her name. Apply this to your own self. Don't it make you feel good to go into a place where you only make purchases now and then and have them call you by your name?

20. *Don't get angry*—A good loan man never loses his temper. A judge once told me that the man who lost his temper first, the other one had an upper hand, for a person who loses his temper is not able to think as clearly and quickly as the one who remains cool. The cool-headed man usually accomplishes his purpose.

21. *Don't be absent-minded when waiting on a customer*—It is rendering poor service. Pay attention to the customer. They deserve it.

22. *Don't be afraid of work*—Work never hurt anyone. It is the persistent worker who finally arrives at the top rung of the ladder. The shirker is kidding no one but himself.

Now, just how many of these *"Don'ts"* are applicable to you. Check them over carefully. You will find that few days pass but what you are just as guilty as the rest.

The more *"Don'ts"* you consciously place against yourself, the more need for improvement and by the same token the fewer *"Don'ts"* you can put down against yourself, the nearer you come to being an ideal Lender and one who is continually applying the fundamentals to raise the standard of our business where it rightfully belongs.

I thank you.

Upon motion duly made and seconded, the meeting adjourned to reconvene this afternoon at 1:30 o'clock.

Thursday Afternoon Session

The meeting was called to order by Mr. Davies, President of the Association, at 1:30 P. M.

CAN DETAILS IN MAKING LOANS GO TOO FAR?

By Mr. O. J. Parker, *Logansport*

Sometimes I think the answer to this question rests with the management of the office or perhaps the location in which the office might be. In smaller places, it might be that you can go a little too far in detail.

Of course, it is necessary, in handling a loan, to know the man's full first name, initial and last name, his wife's name, her initial, their residence and where they came from. It is necessary to know the names of the children, if any, and grade in school. There are many things which a man might think he ought to know, in taking an application, which are not necessary.

I think it is just as important, however, for the lender to find out the credit standing of the applicant as it is to find out who he is, where he lives and if he owes anything on his furniture. There are a number of men who would borrow money from you, who don't owe any other loan company; they have their furniture all paid for, but if you look them up in a well-conducted Credit Bureau, you will find that they owe almost every merchant or tradesman in the city. That kind of man is not a good risk, to my way of thinking. If he beats the other fellow, he may not beat you on the first or second loan, but he will eventually.

I believe it is just as necessary for every loan office, in any location, to belong to some good Credit Bureau as to belong to their Loan Association and I further believe that every loan office that belongs to a Credit Bureau in his location should be willing to exchange credit information with that Credit Bureau.

I think, when the Credit Manager or his assistant calls for a rating on a certain individual, they should be willing to at once give all the information that they have concerning that man.

In reply to Mr. Parker's question: "What is the nominal loss on a $100,000 loan account?" Mr. Parker explaining that he meant the smallest average loss that is considered good business, Mr. Sherman replied that he considered the average there would be a little less than 1% for a year.

Mr. Aufderheide suggested that the net balance on the principal would be your loss.

November Convention City

The selection of a city for the November meeting of the Indiana Association was next declared in order.

Mr. Rose, on behalf of the Mayor of Martinsville and the Martinsville Association, invited the members to have their November meeting at Martinsville, Ind.

Mr. J. H. Aufderheide also recommended Martinsville for this meeting.

It was moved by Mr. Broughman that the semi-annual meeting of the Association be held at Martinsville. Motion seconded and carried.

AFFILIATED WITH RETAIL CREDIT MEN'S ASSOCIATIONS

By Mr. C. H. Wilcoxen, *Ft. Wayne*

I have been requested to prepare an article "Affiliated with Retail Credit Men's Association." This subject could perhaps be elaborated on in the form of a book, but I assure you my volume will be much smaller. Perhaps many of you gentlemen here have had experience with Retail Credit Men's Association but for the benefit of those offices located in cities who do not have a Bureau, I will try and give you our experience in Fort Wayne and the benefit the loan companies have derived from the association. To extend credit profitably there is one thing that we must know and that it this—is the applicant worthy of credit? The credit rating association is a great help in determining this fact. Generally speaking, the bureau is helpful in the following ways:

1. Invaluable in revising accounts.
2. Helps eliminate the undesirable.
3. Valuable when a customer asks for a renewal.
4. Gives the information and advice of those who know.
5. Discloses the accounts that are discounted or paid when due.
6. Lessening the loss to the lender through information.
7. Aids in keeping record on special accounts—a great percentage of them go wrong.
8. Keeps the credit files alive and right up to the date.
9. Tells when the customer is overloaded, or exact credit standing of borrower.
10. Tells when the customer is paying the new creditor promptly and allowing others to wait.
11. Sometimes discloses that one may be mistaken in the belief that he is the principal creditor.
12. Invaluable to houses selling small accounts where the agency rating is blank.
13. The cost of several years' experience in the bureau may be saved by one reciprocal.
14. The bureau reports are ante-mortem" and not "post-mortem" statements and are valuable to the members for use "before" instead of "after the fact." Actual, not guess.
16. The information assembled and disclosed is reliable and dependable as it is taken from active, live ledger accounts. It is up-to-date — no guess-work, no prejudice, no prophecies.

I suspect that the bureaus in the different cities do not function exactly the same, and I will try to tell you how the bureau in Fort Wayne operates. Naturally you are interested in what special benefit the loan companies derive from the bureau. There is a clearance with every loan company on every loan company on every application for a loan, twice a day. Thereby eliminating any duplication, also a clearance of all furniture stores, musical houses and electrical appliance houses such as sweepers, washers, etc., to ascertain if the merchandise is paid for. If the loan is made, furniture or musical dealers' account is paid, thereby creating a good will with these concerns by helping to clean up some of their past due accounts.

Immediately upon receiving an application, the data is phoned to the bureau such as name, address, wife's name, occupation, etc., and all applications reported before 10 A. M. the loan office receives the bureau's report not later than 1 P. M. All applications reported to the bureau before 3 P. M. is received not later than 5 P. M. of the same day. All the loan offices in Fort Wayne have agreed to, and are coöperating 100%.

I think the last report we have was that we only have three duplications in Fort Wayne, and I think when the loan offices first went into the bureau there was something like thirty duplications. This was about fifteen months ago, that all Fort Wayne offices joined the bureau.

The bureau issues a bulletin weekly compiling the following information: Bad checks issued, divorces applied for, divorces granted, non-responsibilities, births, deaths, skips that have been located, new arrivals, people leaving town, removals, addresses wanted, ratings wanted, also any derogatory information that might be interesting to persons extending credit.

We have a meeting each other Tuesday at luncheon. Here we get first hand information as accounts are discussed in open. This meeting has an attendance of about thirty-five to forty, yet we have a membership of about two hundred and fifty. We have an interchange with forty-eight bureaus in the state of Indiana and all bureaus in the United States. We have about 140,000 rating cards in the files. We not only get loan and furniture houses' experiences, but we get the data as to how they are taking care of their other indebtedness such as grocery bills, clothing, coal companies, etc.

The bureau is very valuable in locating skips as the public utilities such as the Electric Light, Gas and Telephone Companies are members and each day they send a report to the Bureau of the removal addresses that they have the day before, thereby saving the individual considerable time in locating what might be a skip.

To my mind, the bureau has made it possible that the loan companies coöperate with a more friendly spirit than they had ever done heretofore.

Mr. Clift: What effect does it have on a merchant if a party applies for credit and they find he has a $300 loan in a Loan Company?

Mr. Wilcoxen: Our credit men and furniture stores are glad to know that that man is worthy of credit and they will give him a loan. If a man does not have ability to pay, then I would suggest not loaning him or selling him, even if he does not owe anyone.

Mr. J. H. Aufderheide: I don't think they hold it against a man any more that he already has a loan.

Mr. Thompson: The Credit Rating Bureau in our town believe, when a man is passed for credit with one of the loan companies, after the applicant has been thoroughly gone into, he is a better subject for credit than they could make him, because they don't know the details.

Mr. Davies: We have a Rating Bureau at Kokomo, composed of 122 members, and that takes in almost every line of business. They are all helping each other. Last fall at the National Convention we had a retail credit man with us and he found out a lot about our business and is for the loan people and is coöperating with us in every way. Our banks in Kokomo are coöperating with us, too.

Mr. Wilcoxen: We have the Public Utilities with us and every day they send over a list of removals. The Telephone Company recently sent in 32 cut-offs for non-payment and that information helps us.

Mr. Davies: You generally get ratings from three or four lines of business; then it is up to the individual whether you want to make a loan or not.

Mr. Arnett: The Credit Bureau has gotten the Loan Companies up to a place where the Loan Companies can't do without them.

Mr. Liggett: I assisted in the Fort Wayne Bureau a great deal and worked on the Gary Bureau. In Dayton, Ohio, we have one of the best Bureaus that I know of in the West. All the information which we receive from that Bureau is helpful. I like to know all I can about a borrower and if I can educate him to be honest and pay his obligations, then I feel that I have accomplished something. Don't turn a man down because he owes some other accounts. We are allowed 3½% per month in order that we may take chances at times. Let us make all the loans we possibly can and help better the communities where these poor people live and give them a service.

HOW THE ASSOCIATION MAY AID IN ELIMINATING FRAUD AND CRIME BY THE CUSTOMER

By S. F. Smith, *Evansville*

It might be that the Association could help some, in the way of educational lines, such as the Indiana Lenders used some time ago, but I don't believe it would be well for any individual lender to start anything in the way of prosecution at the present time. Two weeks ago in our town, they prosecuted a man for obtaining a loan of $80 and selling the property. This affair has been continued in Court three times and I don't believe they can make a case of it.

Mr. Farrington: I was particularly interested in this question. The National Association of Credit Men, at this time, are raising a one-million-dollar fund for the prosecution of fraud in the commercial lines and it appeared to me that prosecution could be done in this line of business as well as other lines of business where fraud is perpetrated. For instance, the checks which come back two or three times, in the long run, are usually made good, but it takes a lot of time and trouble to make these checks good. Mr. Smith said it does not pay, in dollars and cents, to go into Court with an $80 fraud case. If you cannot afford to do that personally, why does not the Association take up this matter and refer it to the proper authorities? People don't seem to worry about moving their goods, upon which they have borrowed money, into another State. If this matter were turned over to the proper authorities, in the right manner, it would be handled, if you have the evidence. The Association can get this evidence by having somebody, whose business it is to do that, and thus take the responsibility away from the individual.

In regard to the bad check law. When this came up, in the Legislature, I don't think there was a member of this organization present. The least we could have done, as an Association, would have been to ask that this Bad Check Law be passed. It died at the last moment because there was more opposition to it than for it. A good "Bad Check Law" would relieve us of a lot of losses and trouble.

Mr. Hartz: Did the Retail Credit Men's Association endorse the Bad Check Law?

Mr. Farrington: The General Retail Credit Men's Association did endorse the Bad Check Bill.

Mr. Parker stated that they had trouble in Cass County in getting the Prosecuting Attorney to file affidavits.

Mr. Clift: Sometimes I question the wisdom of squeezing the last dollar. I think the reason we get 3½% is to take these losses when they occur.

In regard to this bad check proposition, if a party gives you a bad check once, the next time refuse his check. You won't have to refuse but once. Would it be wise for our Association to get the publicity which they would get in prosecuting a man for $50 or $75? I think it would be bad policy to take any steps to prosecute as an association.

Mr. C. H. Watts, for a number of years Secretary of the Pennsylvania State Association, was introduced to the convention:

Mr. Watts: I came to Indianapolis to-day to pay a great homage to one of your progressive members; to express my appreciation of the worthwhileness of the Aufderheides. Of course, I was anxious to meet all of you fellows but that feeling was mingled with a personal desire to pay tribute to the Aufderheides. You boys who live here probably don't appreciate them as much as we, who come from afar.

You know about their wondrous work in Indiana, but do you know of the stick-to-it-iveness with which one of the Aufderheide group handled the situation in Virginia? If you would know the story of kicks and bruises that can come from the enactment of laws—or the attempted enactment of laws, R. C. Aufderheide could tell you of his experiences in West Virginia. They licked him once and he went back and did the job truly.

I wonder if you fellows have left a page open on your Minutes to pay tribute to this youngster for his work in West Virginia? It is not easy to get Legislation and it is getting harder to retain what we have. You fellows in Indiana are not particularly interested in what is going on in Texas or Florida or Tennessee because you are entrenched by the splendid organization in Indiana. But men, as they enact a uniform small loan law in other states, it makes Indiana that much safer. Therefore, it behooves every man in this group to so conduct himself that when we, outside your State, ask your Securities Commission or whoever your supervising authority is: "What do you think of the Uniform Small Loan Law?" we will receive such an answer as will indicate a clean slate—and that answer is dependent upon the man down in the smallest community, as well as the largest.

Most of the States have had laws introduced to decrease the rate. Unless we are careful about the conduct of our own business, we will find this difficulty confronting us likewise.

When I listened to your President discussing Credit Rating Bureaus and then heard one man ask, "What is the good of it all?" I couldn't help but think, if he would come with me, he would understand the good of it. If we are to hold our line, it means "shoulder to shoulder."

The National Association is functioning but much of the tribute is not due to the National but to those who are giving their time and money to make the National Association possible; that it may stand up and defend the thing which you know to be right and just.

I am glad to be back here to-day and most humbly pay my tribute to one of your junior members, who has placed the Uniform Small Loan flag on the State of West Virginia. Long may he live, never to pull it down.

Mr. Hartz read a letter from the Indianapolis Chamber of Commerce, inviting the National organization to meet in Indianapolis in 1926.

It was moved by Mr. Swenk that we invite the National Association to meet in convention in Indiana next year. Motion seconded by Mr. Rose and carried.

Mr. Hartz stated that the National Association allows the State entertaining the National Convention $1,000 toward that purpose and the State is only allowed to spend $1,000 additional at the most.

Report of Auditing Committee

We, your committee, having examined the books and vouchers of the Treasurer, submit the following report:

The balance of $1,453.47, as reported, is correct in every respect.

Respectfully submitted,
C. E. Durnell,
R. C. Hardisty,
S. F. Smith,
Committee.

Report of Nominating Committee

For President, W. E. Chandler, Indianapolis; Secretary, Roy F. Hartz; First Vice-President, John F. McGregor; Second Vice-President, F. L. Thompson; Treasurer, W. R. Hancock; Executive Committee, R. C. Aufderheide, C. H. Wilcoxen, A. C. Broughman; Delegates to National Convention, W. R. Hancock, F. E. Jarvis; Alternates, Joseph Baum, A. G. Rose.

The following were nominated from the floor:

For President, C. E. Clift, nominated by Mr. Williams; nomination seconded.

Secretary, Roy Hartz; nominated by Mr. Liggett; nomination seconded.

1st Vice-President, O. C. Beck; nominated by Mr. Liggett; nomination seconded.

2d Vice-President, A. V. Keeney; nominated by Mr. Farrington; nomination seconded.

Treasurer, Ray Reynolds; nominated by Mr. Durnell; nomination seconded.

It was moved by Mr. Wilcoxen that the nominations be closed. Motion seconded and carried.

It was moved, seconded and carried that the election be by ballot.

The result of the election was:

President, William Chandler.
1st Vice-President, John McGregor.
2d Vice-President, Mr. Thompson (F. L.)
Secretary, Mr. Roy Hartz.
Treasurer, Mr. William Hancock.

Upon motion of Mr. Aufderheide, the Secretary was instructed to cast the vote for the three members for whom there was no opposition. Motion seconded and carried.

Upon announcement that Mr. Chandler had been elected as President, Mr. Chandler pledged his best efforts on behalf of the Association for the ensuing year.

Mr. Hartz, as Secretary, also stated that, as in the past, he would do all in his power to help make the coming year a successful one for the Association.

The newly elected President said that any further committees that had been appointed would be announced as soon as the report comes through.

It was moved, seconded and carried that a vote of thanks be given the retiring President, Mr. Davies. (Rising vote ot thanks given.)

It was moved by Mr. Broughman that our National Chairman should be a member ex-officio of our State Executive Committee of this Association. Motion seconded and carried.

CLEVELAND HAS AN EXCHANGE

As secretary of the Cleveland Industrial Lenders Association which was formed June 2d, I have been instructed to write you information regarding same, as it might be of some interest to the National Association to note that one more city has been making progress along these lines.

For the past year we have had an organization known as the Cleveland Loan Association. Under this organization we had been considering the formation of an Exchange Bureau similar to that operating in several other cities. At our meeting of June 2d, by-laws were passed providing for the formation and organization of such an Exchange, to be known as the CLEVELAND INDUSTRIAL LENDERS ASSOCIATION.

The purpose of the organization is twofold. The first provides for a Board of Governors appointed by the chairman to operate an Exchange Bureau for the members. The second purpose provides for the appointment of committees, for publicity, to secure new members, police the business, to tell and explain to the public what the Ohio Loan Association stands for, and to keep the loan business in Cleveland on an irreproachable plane.

According to our by-laws, we will have our Exchange in full operation by October 1, 1925.

L. J. Ingram, *Secretary.*

HOW TO ORGANIZE A LENDERS EXCHANGE BUREAU

During the past month, a pamphlet prepared by A. L. Wick of Philadelphia, Chairman of the Committee on Retail Merchants Bureau, entitled "How to Organize a Lenders Exchange Bureau," has come from the press. It contains considerable valuable information for any group of lenders who desire to organize a local exchange and improve their business. Members of the A. I. L. A. can have a copy of this pamphlet for the asking from the National Secretary's office, without charge. Nonmembers can obtain copies for 10c each.

ILLINOIS

The bill permitting corporations to be organized for the purpose of lending money passed the Illinois legislature and by the signature of the Governor, June 19, became a law. Although this bill met with the organized opposition of some of the Chicago money lenders and had rough sailing for a time, there was no real argument that could be advanced to defeat it.

No other state where small loan laws regulate the business prohibit corporations from doing business under them and the lenders who opposed this bill on the ground that competition in the small loan business in Illinois would be increased will find their judgment was erroneous. Some people prefer to do business as corporations rather than as individuals or partnerships.

GROUP ADVERTISING

Here is the text of a nine and a half inch double column display advertisement which appeared in the *Providence Bulletin* and *Pawtucket Times,* April 21, 1925, that illustrates effectively the great possibilities of group advertising:

Why We Are Associated

Previous to January, 1924, there was little restriction on persons engaged in making small loans, and practically no protection for the borrower, against extortionate charges. Such circumstances naturally attracted lenders of an avaricious character who placed personal gain above every consideration of equitable dealing. This class of lender deserved, and was given the common appellation of "loan-shark." He thrived at the expense of the necessitous borrower and was privileged to exist only because he relieved the necessity of appealing to charity for financial assistance.

"The Russell Sage Foundation" investigated the lending situation—found that some system of small loan making was necessary and recommended the present "Uniform Small Loan Law" which restricts loan charges and places those concerns endorsing the law, under the regulation of the State Banking Department. The R. I. Industrial Lenders are affiliated with the national Chamber of Commerce and organized in conjunction with the national association, to make it possible for all persons of good character to borrow in amounts up to $300 in a safe, protected business manner, and to serve so completely that all may gratify their requirements without resort to objectionable borrowing methods.

Following are the Names of the ONLY Members of THE RHODE ISLAND INDUSTRIAL LENDERS ASSOCIATION:

New England Equity Corporation,
17 Exchange St., Providence.
Rhode Island Loan Association,
48 Arnold Ave., Providence.
Chester-Neal Co.,
49 Weybosset St., Providence.
Peoples Loan Co.,
29 Weybosset St., Providence.
Economy Collection & Investment Co.,
511 Westminster St., Providence.
Peoples Finance Service Co.,
87 Weybosset St., Providence.
Citizens Finance Service Co.,
268 Westminster St., Providence.
Mutual Finance Service Co.,
204 Westminster St., Providence.
Personal Finance Co.,
76 Dorrance St., Providence.
Peoples Finance Service Co.,
18 East Ave., Pawtucket.
Blackstone Loan Co.,
1 No. Union St., Pawtucket.
Financial Service Co.,
212 Oak-Hall Bldg., Pawtucket.
Mutual Loan Association,
228 Main St., Pawtucket.
National Loan Co.,
26 High St., Pawtucket.
Mutual Service Association,
4 Washington Sq., Newport.

INDIANA

Bulletin No. 1

June 10, 1925.

Issued by Indiana I. L. Ass'n.

Work on the legal survey, standardized papers and required forms are under way. As chairman of the committee who has this work in charge, I request every member to forward through the office of the Secretary of the Association any brief on any cases pertaining to our business; also to send suggestions relative to any particular phase of the survey that may occur to you. It is the desire of this commitee to make this work complete and constructive in every respect and your coöperation is asked.

All briefs will be returned when survey is completed.

F. L. Thompson,
Chairman Uniform Paper Comm.

The President has announced the following appointments, who are also members of the executive committee.

H. H. Burrell, 231 Michigan Ave., South Bend. Chairman Membership Committee. If you have a prospect or there is a licensee in your city who is not a member of our Association, kindly send the name and address to Mr. Burrell.

Benj. Blumberg, 315 Star Bldg., Terre Haute, Ind., Chairman Publicity Committee. Copies of articles will be sent to different members from month to month for publication in their newspapers. Your coöperation is earnestly solicited.

T. M. Kaufman, 316 Guaranty Bldg., Indianapolis, Chairman Law Committee. This committee is willing and ready to function at all times.

A committee composed of R. F. Hartz, Chairman, W. R. Hancock, R. C. Aufderheide was appointed to prepare plans to bring the 1926 A. I. L. A. convention to Indiana. What have you to offer that will assist this committee. Why not make arrangements to attend this convention at Providence, R. I., September 2-6th. If your are contemplating attending forward your name to the chairman of this committee.

The subject mentioned by O. J. Parker, Logansport, of an attack on the authority of the Bank Commissioner to issue Licenses. The Secretary conferred with Mr. Johnson. He cited the acts of 1919, section 2, page 114. The assembly specifically named the small loan business in the transfer of certain duties to the department of Banking and authorized the Bank Commissioner to perform this duty instead of the Auditor of State. Should this question be raised again, refer them to the acts of 1919, section 2, page 114.

The secretary at the request of the executive committee conferred with Mr. Johnson to ascertain if it was possible to change the title of his office from Credit and Loan Department to Industrial Loan Department. Mr. Johnson advised this would be done and hereafter his department will be known as the Industrial Loan Department.

Since the convention two new applications for memberships have been made:

Lincoln Loan Co., Room 3, 739 Broadway, Gary, Ind., Inc.

Portland Service Co., Mer and Main Sts., Portland, Ind., Inc.

The committee appointed by Mr. Davies to draft the important features from the Code of Ethics will report next month.

The subject of Trade Emblem is being referred to the executive committee.

If this Bulletin is to be a success, it will depend upon the coöperation of the membership. It will be sent out about the 10th of each month. Send all communications intended for the Bulletin to R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

WHY WE DO NOT GRANT LOANS TO ALL APPLICANTS

By T. F. Walsh

The fact that the greater number of people borrowing from us do not have the security, as it is shown by statistics that about eighty-six per cent of the population have no banking accommodations or do not possess the securities or property that would be required as collateral for bank loans and must seek elsewhere for credit, it becomes necessary for us to take security which is not gilt-edged. We sometimes find ourselves in a position where it is necessary to refuse some of the persons that apply to us for a loan.

I have, therefore, summed up a few of what I think are very good reasons for turning down some of the applicants. The wife who tries to obtain money without her husband's signature, or a confidential loan to wives or husbands should be discouraged. If the husband does not give the wife the money to pay the bills as was his custom and decides to pay the bills himself, she, not having the handling of the money, would be unable to pay. It would then be necessary to see the husband in regard to the account, and he would not be able to see why it was necessary for her to borrow. It may be the cause of a separation or the breaking up of a home.

Take a heavy drinker or a gambler, they are poor risks, and great care should be taken in handling this class of loans.

The husband or wife that runs around with other men and women, you find eventually separate or break up housekeeping, and when this happens one of them will sell about everything they own and you will have plenty of trouble trying to get your money. Personally, I do not like separations. I would sooner see any other kind of trouble, for when they separate chances are very slight of your ever getting your money.

We find persons applying for money where the reason for borrowing does not warrant us the making of the loan. I wish to cite a case where a party applied to me for money to buy another pleasure car with two already standing in the yard and very little furniture in the house. Needless to say, this party was turned down. There are times where persons will apply for larger amounts than is really necessary for them to have, and by talking the matter over with these parties we can, at times, show them where they can do with smaller amounts and still help them in the purpose they need the money for.

A boarder or a roomer is a big risk as they do not have any security and it is very easy for them to get out and very hard for you to find them after they do get out.

You will often find persons applying for a loan, with only a small income and quite a number of dependents, and to advance these people the amount they apply for would only keep them in debt and give them a lot of worry and trouble, not forgetting the worry and trouble they would put you to.

Again you will have the person starting out in business in a locality where there is already a number in the same business. He has a very poor chance of making a success and you are running a big risk in loaning to an applicant of this kind.

There are persons that will apply that are so far in debt when they do apply that a loan will not help them, but only put them deeper in debt.

You will also have the case of the drifter. A party just moving into a city who has no family ties and is only here while work is slow in the city where he came from. Care must be taken with this class of loan.

There are also many accounts that look bad on the face of them, but if taken and weighed a little you will find they have their good points. Some of these turn out to be very good accounts.

We could find many reasons for turning down loans, but the average loan man will overlook most of the minor reasons and will just take and weigh the major reasons before turning down an account.

CO-OPERATION BETWEEN LOAN MEN AND CREDIT MEN IN ALTOONA

By James P. Gill

While preparing this paper it occurred to me that a discussion took place on a similar subject, "Coöperation with Retail Credit Men" at the last regular meeting in Pittsburgh. And also that several notices have appeared in the Industrial Lenders News citing different instances where loan men and credit men had gotten together for their mutual benefit. So it may be that you will hear nothing new from me. Possibly a repetition of a few facts which emphasize the fact of the general recognition of our business by progressive business me. A word about the relation of our business to the credit houses might not be amiss before getting into the general situation as existing in this city. In the extension of credit in any business it is necessary to know, if credits are to be extended properly with a minimum loss, the general standing of the person applying, both morally, financially and also as to his ability and capabilities of caring for his present obligations. Last but not least his past record in taking care of obligations which have been extended him is important. We are all familiar with these considerations. Now in getting together this information, we all probably pursue the same policy, neighborhood look-up to verify occupation, standing in the neighborhood, etc., but in order for us to get an idea of how the man pays his bills, other than his grocery account, it is necessary for us to see the installment houses. We have found in Altoona, that there are very few people who apply to us for loans who have not bought furniture on the time payment plan. In fact the majority of them owe the furniture company money. The installment houses here do not issue leases like furniture companies in other cities. I do not mean to say that they do not issue leases, for they do, but they do not keep a complete record of the customer's payment on them. They issue small receipts which makes it difficult for us to see if the customer pays on the date he has promised the amount he has promised. We believe that it is better to see the credit man at the store or stores with which they deal any way, for he will have a complete record of the customer's dealing and in almost all cases can give you an idea of whether the customer is good or not. We experience in Altoona, what we believe to be unusual coöperation among credit men. In every store in town except one we are privileged to call at all times and we have found an unusual willingness on the part of the credit men to impart to us information as to their past dealings with the applicant we want information about. I believe in time we will convert this one man to the value of our service in the community, so that he too will work with us. In citing an instance or two of just what the merchants' attitude is towards our business, I will tell you of a personal experience. We had stopped in a branch store of a furniture installment house in Tyrone, Pa., which is about fifteen miles from Altoona, regarding an application. They informed us that he had only opened an account there recently and the amount. A few months later this particular customer went bad, and they were informed that he had skipped town so they went to the trouble to call us up and inform us that he had skipped leaving his furniture in the house and that they were going to recover what goods they had on lease with him. It suprised me to receive the call for I could hardly believe they would remember the call we had made originally regarding him. Another instance of what I believe to be real courtesy; our outside man stopped in another store located here, and without knowing it was met by the proprietor, the proprietor questioned him for a few minutes regarding the company and then took him back and introduced him to the credit department of the store informing them that they were to give him information whenever he came in. We have tried to reciprocate wherever we could. While we have never had a call from any furniture company for a reference on a customer, we have been able to give them information regarding skips, which has saved them some work. The idea and the thought behind whatever coöperation we have been extended has been due I believe to the desire of the credit men as a whole to prevent the getting of credit by people who are unworthy of it. A willingness to impart information about some one who is slow in order that they might not get credit with some one else has been apparent. In several instances where the customer has been slow with the furniture company we have made the loan with the insistence that the customer pay off this particuler account. We had some other reasons beside his general credit standing for making the loan, and we have see to it that he has cleaned up this account. They appreciate this, because when we make a loan we know a great deal more about the finances of the customer than they do when they extend him credit on a furniture account, and we have many instances where customers have been A No. 1 with us who were slow with them. I know of another instance with a local office where they were having a very hard time getting their money from a fellow to whom they had made a loan. Everything he had which was worth anything, was on lease and he knew they could not take the goods. He owed three different furniture companies. The manager of the office made a call on these companies and explained the situation to them. Each one of the installment house men told him that he was also behind with them. After talking to them and showing them the fellow was no good, they all agreed to recover what goods they had in the house unless he got busy and squared up these accounts. I do not know what the final outcome was but I believe the fellow paid up.

Out of the four loan companies operating in this city, two of them belong to the County Credit Bureau, and attend the credit men's meetings regularly. At these meetings the various credit men turn in a list of the skips they have had since the previous meeting, and the list is read aloud. In quite a few instances we have been able to tell them where the people were that they were looking for. This sort of coöperation helps along the good will too, for it shows that we are not after something for nothing and that we are willing to go along with them and help them if we can also.

The situation in Altoona, may be different from most other cities. Although we have over 65,000 population everybody seems to know everybody else, due I believe to the fact that they are nearly all railroad workers. The business section of the city is small and you could not engage in business in it without everybody else in business in it, knowing about vou. And we believe that it is this acquaintanceship which has paved the way for this good feeling.

OUR CREDIT SITUATION

By Ned W. Gibney

Altoona embodies an unabridged field for the manipulation of legitimate credits. Its characteristics are unusual, not to say unique; and it is my belief that circumstances, such as I am about to relate do not prevail elsewhere.

For the purpose of conveying to your minds the potentiality of this city as a credit province, allow me to cite a few statistics in point.

The total population numbers sixty-seven thousand, eight hundred, seventy-two, with equivalent community drawing power. Approximately seven and one-half per cent constitutes our foreign element.

A splendid record is displayed in home buying pursuits. It is reflected by the highest percentages, population considered, to be found in the United States. An answer to this is apparent, in part, when we realize that one hundred and sixteen real estate concerns, mortgage companies and building and loan associations, help largely to make this vast scale possible. Our city has more building and loan associations than any other of its size in the United States. There are forty-four such associations, taking in from two hundred and twenty-five to two hundred and fifty thousand dollars per month. Approximately 70% of Altoona's home owners have purchased their homes through the aid of these associations. Their far-seeing and lucrative investments indirectly sponsor home buying projects.

In addition to real estate companies, we boast many retail credit stores and installments houses, viz: three hundred and seven grocery stores, nine furniture stores, six clothing stores, etc. It might be well to say that 85% of our business is conducted on credit basis. The alacrity of our credit extension supplies these facts and figures of which we are duly proud.

Gentlemen, you might ask, "how can we account for the stability of our buying power?" The best solution is that Altoona is principally a one industry city. Ninety per cent of our wage earners are employed by the Pennsylvania Railroad Company, in operating the largest car shops in the world. Average figures show that the employees wages vary from $75.00 monthly for the lowest type of shop labor, to $250.00 or more for locomotive engineers and skilled mechanics.

One of the outstanding features of our credit situation is, the majority of collections are made on railroad pay days which fall on the seventh working day after the fifteenth and last day of each month. Every credit man knows, if he does not receive his installment within three days after pay day, it is fairly certain he will not receive it until the following pay. Practically all our business hinges on this semi-monthly pay schedule, alloting us six days each month to collect our installments.

Another favorable item about Altoona as a city of credit, is the fact that its industry is so distinctly a fixed one, the business houses are rarely troubled with floaters, and through the excellent coöperation of our local credit men, the privileges of credit are denied to all debtors of questionable veracity.

As a class the people of Altoona live well for wage earners and under such a well regulated system of employment are able to afford the best of home standards. They are inherently a good paying body and their incomes so regulated, they can easily calculate the burdens they assume.

PUBLICITY

Chicago Commerce, June 6 issue contained the following ad.:

She Saw the Opportunity
We Furnished the Money

She started making candy at home and selling it to the neighbors to earn some extra money.

The demand was such as to encourage her to start a retail store down town. She needed money but had no banking connection.

We were impressed with her opportunity and furnished the money—a small amount which was paid back in monthly installments out of profits.

Today she enjoys a reputation second to none in the candy business with several well established stores—and incidentally a bank account of no mean proportions.

This is only one of any number of cases of a similar nature that it has been our pleasure to be a party to.

If you have friends that need anywhere from $10 to $300 to take advantage of an opportunity, refer them to us.

The members of this association are men of high character and the business is under the supervision of the department of Trade and Commerce of Illinois.

For list of members refer to Sub-division 55 (page 695) of your Chicago Ass'n of Commerce Blue Book.

ILLINOIS INDUSTRIAL LENDERS
ASSOCIATION

MAINE

On May 20, Governor Brewster, at Augusta, nominated Hon. John G. Smith, the Mayor of Saco, as State Bank Commissioner. This Banking Department licenses industrial lenders, all of whom in Maine are now individuals and partnerships, except the remedial society in Portland known as the Peoples Loan Co., which received a legislative charter a good many years ago, and is backed by well-known business and professional men in that city.

FLORIDA

The uniform small loan bill was passed by the Florida House of Representatives on final reading May 30 by vote of 46 to 3. On June 1 the bill passed the Senate 23 to 3. June 4 the Governor approved the bill which will become effective September 1. The bill is the uniform draft which provides for banking department supervision and the scientific rate. It also has the well-known preamble very much like the Arizona and Virginia laws.

TENNESSEE

The uniform small loan act was passed recently almost unanimously by both the Tennessee House and Senate, but the Governor vetoed the bill. The Tennessee constitution provides that a bill becomes a law unless the Governor shall veto same and give his reasons within five days (Sundays excepted) after passage. It appears that the legislature was not in session on Saturday, and the Governor evidently assumed Saturday did not count The courts will be asked to pass upon the matters as to whether the uniform small loan law is in effect or not. After the Governor vetoed the bill, the Senate passed the bill again over the Governor's veto, but in the House it fell short of seven votes of having at least three-quarters of the majority. The interest supporting the bill in Tennessee consist of several loan offices in that state who hold membership in A. I. L. A., and they received active and helpful coöperation from several other money lenders who prefer to have the business legalized and dignified.

The Governor had an amendment passed by the legislature amending the 1917 small loan law which regulates loans upon security of personal property only, and had it to include purchase of salaries and wages. The amendment also included placing the enforcement of the 1917 law in the hands of the State Commission of Banking and Insurance. The authorities thereupon proceeded by injunction and closed up all loan offices in Nashville and Memphis, and court litigation is on in those cities. It is notable that the salary buying concern which managed to induce the Governor to veto the uniform act, had their offices all closed under the 1917 act as amended in 1925, and most of them have been compelled to take out licenses under the 1917 act.

WEST VIRGINIA

In West Virginia the uniform small loan law was enacted almost unanimously at a recent session of the legislature, and the Governor approved the bill April 10, the act to be known as Chapter 35, Laws of 1925.

The West Virginia Industrial Lenders Association gave moral support to the bill.

This represents the first instance where a State Association of Lenders favoring the uniform small loan law, was formed in advance of legislation and A. I. L. A. approved of its official affiliation with it.

THE LOAN COMPANIES PROGRESS IN THE NEXT FIVE YEARS

By David Armm, *of Patterson, N. J.*

Upon receipt of a letter from Mr. Irish, requesting me to say a few words to you on the subject, "What Progress will Loan Companies make in the next Five Years," I remarked, another Irish after a Jew, nevertheless, I considered that the Jew's keeness is a match against Irish wit, so I accepted his request and will endeavor to give you my opinion on the subject.

Will hostile Legislation be enacted? Will the Bankers attempt to put us out of business? How do we stand in the public's esteem? Will we be benefited by working against each other? The answer to my questions depends on the methods and conduct of you and me. In a few words the next five years hold for us a store of big successful years.

There has been in the last few years an influx to the Industrial Lenders' line, due to the profits made by these people during the late war in other lines. Through the readjustment to pre-war conditions a good many have been left with sums of money on hand and no immediate safe outlet for it. Those that chose the Loan business we hope will be an honor to us, but just as the tide rises and falls, carrying and bringing with it the good and the bad, so will our ranks be filled with good and bad. The rising of the tide will eventually flood the rifraff and drive them from our ranks, while the good will remain among us.

Lenders have existed since the Creation of Man. It is recorded that the Indian would give one of his fellowmen a trinket or some other article for the temporary loan of his fellowman's bow and arrow, boat, mocassins or blanket which might have struck his fancy or was temporarily needed by him.

There is no doubt that the Loan Companies are filling a very urgent need. As the cities and the rural communities grow, their growth will be felt by the lenders through the increased demands for loans. We ought to prepare ourselves for more rigid examinations by the Banking Department, stricter regulations, and in fact spasmodically, bills will be introduced in the various Legislative bodies, by so-called public saviours, who through their gift of speech will be able to mislead unenlightened members of the governing bodies, bankers and philanthropic organizations trying to induce them to eliminate us. Regardless of these facts the Loan business will flourish and it's degree of success will be limited if we pursue a plan of keeping the people and those that I have mentioned in ignorance of our true purpose and need.

It is to our interest to encourage the elevation of the spirit and public confidence in the Lenders by placing the business on the highest pedestal of public esteem and opinion, so that when a man says, "I am a Lender," it shall be considered by the public in an honorable manner instead of with scorn. How can we place ourselves in this position? Only through the encouragement of stricter laws and conditions for the procuring and the operation of licenses, the sincerity to the cause by the lenders themselves and through a campaign of public education. I will endeavor to bring home to you a few facts that those in the note end of the business are well acquainted with and which are only a few of the stepping stones to the future success of our business.

For instance, my personal contact is almost exclusively with the small butcher, grocer, hardware dealer, tailor and in fact includes a list of small tradesmen which time will not permit to mention. In the minds of these men the lender is considered a public benefactor regardless of the reasonable interest costs attached to loans, because they get quick action and receive the money when they need it the most, carrying them through an emergency. In fact all of us have saved a good many of this class from bankruptcy, from unpleasant embarrassments and have relieved worried minds by lifting their temporary financial troubles from their shoulders.

We have done much to help the credit standing of these people with their wholesale dealers, and jobbers, upon whom their very existence depends. I am well aware that there are among the lenders a good many who believe that the note lenders should be eliminated. In my mind the honorable note lender is doing much to promote the future of the loan business, more so, than he is credited with. The class of small merchants that I have mentioned become free advertisers for the note lenders telling their small neighboring tradesman the advantages of small payments accepted and the long term for the repayment of the loans. They are directly aiding the Chattel Lender by directing their customers to them and through their efforts the Industrial Lenders are receiving a benefit which money cannot pay for.

Under the conditions which I have only slightly touched can it be possible for the Loan business to become extinct? After considering the conditions the answer must be that the future of the Loan business will continue to grow and eventually will be considered among the nation's largest and most honorable business. In fact, in the next five years we can expect a large increase in the volume of our business and, in proportion to the increased volume of our business the number of Lenders will also increase. Each year's business will be far ahead of the preceding one. We may also see large numbers of special branch lenders added to our rank and file. By that I mean that the time is rapidly coming when Industrial Lenders will probably specialize in catering to particular lines. Some will handle the small grocers, some the clothier, some the baker and so on.

"We Are Still in the Making"

In closing let me remind you of one of the proverbs of the fathers of our country that "In union there is strength," therefore, we must strengthen our union along the lines of best endeavors, regardless of whether the resistance be weak or strong. Our foundation must be reinforced so that our cause may be able to face the storm of colossal undertakings and constructive work of you GENTLEMEN, the pioneers of one of the nation's largest enterprises, placing it in the foremost of Industrial life—to be placed in that position—by you and me—the Lenders themselves.

OHIO

I will greatly appreciate it if you will publish in your July Lenders News that the Eleventh Annual Convention of The Ohio Loan Association will be held at Cedar Point, July 22nd, 23rd and 24th, 1925, and will be run on Eastern Standard time, with headquarters at Hotel Breakers.

The program for the convention, which may be subject to some slight alterations, will be substantially as follows:

Wednesday morning, July 22, 1925. Registration.

Wednesday, July 22nd, 1:00 o'clock P. M. Convention luncheon main dining room.

Wednesday, July 22nd, 2:00 o'clock P. M. Convention Hall—Address of Welcome—Bella Lehman, Sandusky, Ohio.

Response on behalf of O. L. A., M. Austin Potter, Lima, Ohio.

Report of Chairman.

Report of Secretary and Treasurer.

Appointment of Auditing Committee and other committees.

Election of new members.

Election of captains for water base ball team to be held Thursday, July 23rd at 4:00 o'clock P. M.

Miscellaneous business and suggestions from the floor.

Thursday, July 23rd, 9:00 to 12:00 o'clock A. M. Managers' Session—B. L. Thuma, Columbus, Ohio, Chairman in Charge.

"Personal Service to Applicants" R. R. Heath, Mgr., The City Finance Co., Toledo, Ohio.

"Service on Foreign or Out-of-Town Accounts." A. P. Lykins, Mgr. Beneficial Loan Society, Cincinnati, Ohio.

"Credit and Exchange Bureau Service" W. H. Boullt, Mgr. Community Finance Service, Cleveland, Ohio.

"Coöperative Service with Credit Merchants." W. L. Wilson, Mgr. The Capital Loan Co., Dayton, Ohio.

"Is Accepting Partial Payments Really a Service to the Borrower?" J. E. Roush, Mgr., Commonwealth Loan Co., Akron, Ohio.

"Service in Financing Clients to Start a Small Business." E. E. Beyer, Mgr., Cincinnati Collateral Loan Co., Toledo, Ohio.

"Information Service on Personal Pursuits of Borrowers," C. C. Woodley, Mgr., Toledo Collateral Loan Co., Toledo, Ohio.

A Quiz Committee composed of J. J. Duke, Fred G. Schoonover and Edna M. King will conduct discussions of each paper.

Thursday, July 23rd, 2:00 o'clock P. M.

Address—"Relation of the Small Loan Company to the Community" Joseph T. Micklethwait, Attorney, Portsmouth, Ohio.

Address—"The Necessity of the Small Loan Business to the Community from the Standpoint of Welfare Agencies" Mr. R. H. Lynde, Assistant Chairman of the Associated Charities of Cleveland, Ohio.

Address—Mr. Tom Pearman, Y. M. C. Secretary, Lima, Ohio.

Address—J. H. Aufderheide, Chairman A. I. L. A., Indianapolis, Ind.

Thursday, July 23rd, 4:00 o'clock P. M. Water baseball game in front of pavilion.

Thursday evening, July 23rd. Association dance—east wing of new dance hall with several novelty surprises—a good time assured.

Friday, July 24th, 9:00 o'clock A. M.

Address—"The Outside Assistant Manager," L. J. Ingram, Cleveland, Ohio.

Address—Hon. Cyrus Locher, Director of Commerce, State of Ohio.

Report of Auditing Committee.

Report of special committees.

Miscellaneous business.

Election of officers.

From the above you will see that we have a pretty full program for our annual convention, but we are going to make our business sessions just as intense as possible to the end that the recreation part of the convention may not be interferred with.

Too much stress cannot be made on the importance of promptly securing reservations at the hotel if the same have not already been made, for this is to be a busy week at Cedar Point and there will be a large crowd there.

The Secretary desires to report he has secured three new members:

Community Finance Service, Inc., 39 Davis Bldg., Dayton, Ohio.

The Twin City Chattel Loan Co., Union Bank Bldg., Uhrichsville, Ohio.

Ohio Loan Co., 210 American Bank Bldg., Lima, Ohio.

The Ohio Loan Association has thus just finished up one of its busiest years. It has produced much constructive work and the affairs of the Association are in a most flattering condition.

We trust that the members of The Ohio Loan Association will exert every effort to attend this convention and we feel that they will be well repaid for doing so.

To our friends in other states we extend a most cordial invitation through the LENDERS NEWS, and we trust that you will come early and stay late.

J. FRED ANDERSON, *Secretary.*

MEMBERS OF THE RETAIL MERCHANTS BUREAU COMMITTEE TAKE NOTICE

In the January issue of the LENDERS NEWS you printed a letter, written by me as Chairman of the Committee on Retail Merchants Bureau. It had been the intention of this Committee to work out a country-wide campaign that would result in a better understanding and friendlier contact between lenders and merchants in general and especially the members of the Retail Credit Men's National Association.

Our problems are identical, we are all in the credit business and what is good for the merchant and banker is good for the lender. The lenders' knowledge of collecting, locating skips and saving losses should be valuable to the merchant and banker.

With a better acquaintance and understanding between us and a closer coöperation we could and would accomplish results that would naturally be conducive in mutual good.

Following the appearance of my letter in the News, I wrote to the chairman of every state association asking him to appoint a subcommittee chairman in each city to assist in the work. He was to surround himself with the lenders in his community who would meet the merchants in his locality and let them know that we could be of mutual assistance to one another, that we would be pleased to assist in the locating of skips, save them the making of bad accounts by furnishing evidence of a past record that should deprive the unreliable debtor of additional credit and by mutual agreement pay off their delinquent accounts by furnishing the debtor with funds to make this possible, thereby enabling the merchant to invest his capital and we take the responsibility of collecting our account.

A number of the state chairman have reported to me of having appointed committeemen. Lack of time to devote to this work makes it necessary for me to appeal to these men through the LENDERS NEWS for data as to their accomplishments in their contact with the merchants, giving me concrete cases of being helpful and their experience in general. Wherever a committeeman has been appointed there should be possible a report of his activities.

I appreciate your assistance in broadcasting this request as I do not find the time to communicate directly with each committeeman.

ARTHUR L. WICK,
1011 Chestnut Street, Room 621,
Philadelphia, Pa.

LEON HENDERSON TO BE MARRIED

Deputy Secretary of the Commonwealth Will Wed Miss Myrtle Hamm

Miss Myrtle F. Hamm, daughter of Mr. and Mrs. William R. Hamm, 155 South Eighteenth street, and Leon Henderson, of the University Club, have chosen Saturday, July 25, for the date of their marriage.

The wedding will be solemnized at Miss Hamm's home, by the Rev. Dr. J. A. Lyter, of Annville, former pastor of Derry Street United Brethren Church, this city. The attendants will be Miss Lucille Hamm, sister of the bride-to-be, and J. Rolf Nugent, Mr. Henderson's assistant at the Capitol.

Miss Hamm, graduated from Central High School in the class of 1922, and attending the Wharton Extension School of the University of Pennsylvania. She is at present stenographer for Shenk and Tittle. Miss Hamm was a member of Beta Phi and D. S. Societies at Central.

Mr. Henderson's resignation as deputy secretary of the Commonwealth will take effect July 1, and later he will be associated with the Russell Sage Foundation, New York. Mr. Henderson was a former newspaper man in Millville, N. J., and was an instructor in the Wharton School. He is a graduate of Swarthmore College and attended the University of Pennsylvania and the Carnegie Institute of Technology. His fraternity is the Delta Epsilon.—*Harrisburg Telegraph, June 27, 1925.*

MARYLAND

A special meeting of the Maryland Industrial Lenders Association was held Tuesday, June 30th, 2:30 P. M., at the office of the secretary, 322 Equitable Building, for the purpose of electing delegates to the National Convention.

Present: C. Howard Hood, chairman; Howard T. Mattingly, secretary; Messrs. Potter, Baseman, Tyler, Pumphrey, Long, and Smith.

E. E. Hougham was nominated and duly elected to serve as delegate, and J. D. Goldrick was nominated and duly elected to serve as alternate.

The Chair complimented the members on the wisdom of their selection, and expressed his regret that the entire membership could not be present to voice their approval.

If each one of us realized how much our advice and counsel is needed by each other, maybe, or perhaps, or probably, or we hope that each meeting would be attended by all.

Why not fellows? Why say you are a member and yet not help us.

HOWARD T. MATTINGLY, *Secretary.*

SITUATION WANTED

Young man, 31 single, intelligent and capable, possessing pleasing personality and commanding large acquaintance, who desires a position with individual or firm making personal loans. Room 506, 34 Park Row, New York City.

Will Pay Cash For Office

Proprietor of any legal rate loan office who desires to sell is invited to write the undersigned. Your letter will be held strictly confidential.

CHARLES H. WATTS
President
135 Broadway, New York

Manager of Office For Credits and Collections

Attractive, permanent, salaried position open to man between 25 and 35. Position is manager in local office of large chain organization. Under State supervision since 1913. Business legitimate and well established—lending money at lawful interest—no stock selling.

Must be high school graduate and prefer man who has attended college. Previous experience necessary in retail credits and collections (either merchandise or money). Must have good health, habits, character, and personality.

Position permanent, dignified, and pays well. Opportunity for promotion and transfer. Helpful training and assistance. Write us fully about yourself. This may be your great opportunity. Your application will be held confidential and we will not communicate with present employer without your permission. Write to-day for interview.

C. H. WATTS, President
135 Broadway
New York, N. Y.

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 2. AUGUST, 1925. Price $1.00 a year.

MEETING SCHEDULE

RHODE ISLAND—National Convention of the American Industrial Lenders Association, Providence, R. I., September 2, 3, 4, 5, 1925, Biltmore Hotel.

NEW JERSEY—Meeting of the New Jersey Industrial Lenders Association, Camden, September 24th.

PENNSYLVANIA—Meeting of the Pennsylvania Industrial Lenders Association, Pittsburgh, September 24th.

WEST VIRGINIA—Meeting of the West Virginia Industrial Lenders Association, Charleston, October 8th.

MARYLAND—Meeting of the Maryland Industrial Lenders Association, Baltimore, October 13th, 7:30 p.m., Board Room, Baltimore Association of Commerce.

MICHIGAN—Meeting of the Michigan Industrial Lenders Association, Kalamazoo, October 15th.

ILLINOIS—Meeting of the Illinois Industrial Lenders Association, Chicago, October 24th.

INDIANA—Semi-annual Convention of the Indiana Industrial Lenders Association, November 5th, Martinsville.

PENNSYLVANIA—Annual Convention of the Pennsylvania Industrial Lenders Association, November 18th, Bellevue-Stratford Hotel, Philadelphia.

THE LURE OF NEW ENGLAND

Here in this corner of our country, nature, history and literature have combined to produce a vacation region of surpassing interest.

Distances between points of interest are not great. Within easy reach of *Providence* are to be found the world-famed Newport and Narragansett Pier, where nature and wealth have combined to bring forth beauty and where society makes its summer capitol. At no greater distance from the seat of the convention is historic Plymouth, where the pilgrims laid the foundation of an enduring State; and Cape Cod, quaint, picturesque, delightful. Just beyond lie Salem with its Witchhouse, colonial architecture, House of Seven Gables and memories of subtle Hawthorne; Marblehead, with its rock-bound coast; and old Gloucester, famed in song and story.

Boston, only forty-five miles from Providence, appeals to every American with an interest in the beginning of our national life. Here patriotism's fires burned brightly. Here the hallowed places have been preserved as nowhere else in America. On every hand are found the memorials of the heroic past. Near to Boston is Lexington, one of the most historical towns in America, and enticing in its rural charm, is Concord, world-renowned by the literary genius of Emerson, Hawthorne, Thoreau and Louise Alcott, and immortalized by the Minute Men of 1775 who here

> Their flag to April's breeze unfurled,
> And fired the shot heard 'round the world.

Great names and great deeds have immortalized these villages and spread their fame across the seas. Here one treads on sacred ground and once again one goes to school to learn the love of liberty and country.

New England's charm is ever in evidence. Her stately elms, her quaint towns, her picturesque homes by the countryside, her opulence, her verdure-covered mountains, her beautiful valleys, her rugged coasts all combine to make this region the motorists' paradise, the vacationists' opportunity.

Providence, the Convention City of 1925, will win you. Here the past and the present sit side by side, making a dual appeal to the tourist. Modern hotels, theatres, shops and factories and one of the most beautiful parks in the land tell of the initiative and progress of the community while the heritage of by-gone days flash upon the inner eye the story of the past. Brown University, built upon the hill, antedates the establishment of the Federal Government. The First Baptist Meeting House, founded by Roger Williams, and a rare specimen of Sir Christopher Wren's genius is the oldest Baptist Church in the Western Hemisphere. The Old State Capitol where Rhode Island declared her independence at Philadelphia stirs the imagination. Beautiful and modern residences stand side by side with fine colonial houses along elm shaded streets.

Combine business with pleasure, get the inspiration old New England can give you and at one and the same time, become better acquainted with the members of the trade and with the lure of New England.

LAST CALL FOR PROVIDENCE

Preparations for the Eleventh Annual National Convention of the American Industrial Lenders Association began immediately after the adjournment of the Baltimore Convention last September, and throughout the year the committees in charge have given considerable attention to the arrangements incident to the big annual national event. Many of us who attended the Baltimore Convention remember the unique way in which the members from Rhode Island pressed their invitation for the next National Convention and how by their persistence, even though normally the 1925 Convention should have gone to the Middle West, Providence carried off the honors. This same spirit has gone with the members in New England as the months have gone by and from time to time it has been possible for us to print some parts of the propaganda furnished us relating to the advantages of Providence as a convention city and all the other attractions which one might desire.

Well, the day is not far distant when National Chairman Aufderheide will call the meeting to order in the Providence-Biltmore Hotel, for everything is arranged to go off on scheduled time beginning with registration, September 1st, and the opening of the Convention at 9 o'clock, Wednesday morning, September 2d. From that time on, there will be something doing all the time. Reverend Holyoke, of the Calvary Baptist Church, Providence, will render the invocation, and the Honorable Joseph H. Gainer, Mayor of Providence, will welcome the delegates to his city. Responses will be made by National Chairman Aufderheide on behalf of the American Association, and possibly W. G. Wood will respond for the entertaining local State Associations. Interesting reports of the officers and committees will follow and the first session will break up at noon when there will be a get-together convention luncheon to which all visiting members, their wives and children will be invited. The luncheon speaker will be Richard B. Watrous, General Secretary of the Providence Chamber of Commerce.

Wednesday afternoon will be taken up with papers on legislation by Messrs. Hilborn of the Russell Sage Foundation; R. C. Aufderheide, who had charge of the successful West Virginia campaign; and B. E. Henderson, who was in charge of the Michigan campaign. It is possible also that we will hear from representatives who were interested in the successes of Florida and Tennessee. Mr. Leon Henderson, the newly appointed Associate Director of the Division of Remedial Loans, Russell Sage Foundation, will be present and make some remarks. L. E. Pope will discuss "The Value of Uniform Papers," while Fred B. Snite, a man of long and practical experience, will discuss "The Loan Business as a Vocation."

Thursday morning will be given up largely to a discussion of relations with retail credit men, in which A. L. Wick, Chairman of the Retail Merchants' Bureau Committee; D. J. Woodlock, Secretary and Treasurer of the Retail Credit Men's National Association, and J. D.

INDUSTRIAL LENDERS NEWS

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NATIONAL OFFICERS, 1924-1925.

Chairman, J. H. Aufderheide, 312 Guaranty Bldg., Indianapolis.

Treasurer, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

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Mass.—C. S. Beatty, 262 Washington St., Boston.
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Va.—E. P. East, 601 Grace-American Bldg., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

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Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, C. H. Watts, 135 Broadway, New York City.
Publicity, R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Membership, G. Hodson, 135 Broadway, New York City.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—L. T. Baker, 109 N. Dearborn St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.
N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—C. H. Watts, 135 Broadway, New York City.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Burwell, of the Dayton Industrial Lenders Association, will have a very important part and will have valuable suggestions to offer. Thursday afternoon, C. H. Hood of Baltimore will give his views on the subject, "Relations Between Headquarters and the Field Men." Charles J. Bernstein, Bangor, Maine, is down for a semi-humorous discussion on what he styles "The Bone of Discontention." W. R. Hancock of Indianapolis will give his ideas of "Why the National Organization"? Edward M. Steimle will outline "The Georgia Publicity Campaign," and Tillou Von Nunes, a prominent lawyer of Atlanta, will discuss "The Relations of Legal Principles to the Economic Conditions of Industrial Small Loans." P. B. Reeves, Pittsburgh, Chairman of the Pennsylvania Association, will be the author of a paper entitled "Limitations of Industrial Loan Service."

Thursday evening we will hold the usual Convention banquet, after which we will be addressed by two or three prominent speakers. Dancing will follow the speeches.

All day Friday, September 4th, has been given up for the trip to Newport, the famous society summer resort. Arrangements have been made for seeing all the sights and having luncheon and dinner at the water resort. There will be some speeches by local business men and there will be plenty of time for amusement. No business will be undertaken on any part of Friday. Saturday morning, the Convention will continue with any unfinished business that may be before the Convention, and for the purpose of electing officers for the ensuing year.

It is planned and expected that time will permit during the business sessions to permit a number of practical subjects to be discussed.

The National Executive Committee has approved a suggestion that prizes be offered to the three "outside men" or whatever they may be styled, who turn in briefly stated their experience covering "The Hardest Collection I Ever Made." The prizes will be $25 for the first prize, $15.00 for the second prize, and $10.00 for the third prize. A committee will be selected from delegates to pass on the relative merits of the papers submitted. The National Executive Committee was persuaded to favor this suggestion on the recommendation of those who believed the outside men are neglected when it comes to recognition for services rendered. It is hoped that they will be encouraged by this offer and that many will participate in the contest. The purpose is to read the communications during the Convention. Any who desire to participate in this contest will send in their experiences to Mr. E. LaGueux, Secretary of the Rhode Island Industrial Lenders Association, 76 Dorrance St., Providence, R. I., at once.

Interest as usual centers in the attendance trophy, and it is said that the rivalry between the New England States will be very keen, as this year is the first since 1916 that the national organization has met in New England, and all the states situated in that part of the country hope to capture the cup. This contest is decided on the percentage of members of the American Industrial Lenders Association in good standing each State Association has present at the Convention.

HOTEL RESERVATIONS

If you want to be sure of first-class hotel accommodations at the Providence-Biltmore, we advise you not to delay a day longer in writing for reservations. This is a large hotel and up to date in every respect but we are expecting a large crowd so that the capacity may be taxed. Rates in the Providence-Biltmore are $3.50 and upwards per day single; $6.00 and upwards per day, rooms with double bed, and $7.50 per day and upwards for rooms with twin beds. Every room has a bath and circulating ice water. Owing to the unusual construction of the hotel, every room has direct outside exposure.

CREDIT UNIONS

According to Roy F. Bergengren, Executive Secretary of the Credit Union National Extension Bureau, Boston, Mass., credit union laws have been enacted in five states during the 1925 legislative session. Iowa, Minnesota, West Virginia, Michigan, and Illinois were the states to approve of this legislation. A bill is now pending before the Georgia Legislature. The objective of the Credit Union National Extension Bureau, Mr. Bergengren says, is to secure the enactment of credit union laws in twenty-four states, in twenty-three of which laws have been enacted already. As soon as the twenty-fourth state has been added, legislative work will be dropped and all their resources will be devoted to their organization program.

DEPARTMENT OF THE ATTORNEY GENERAL

HARRISBURG

January 28, 1925.

Mr. G. H. Orth, Chief,
Bureau of Private Banks,
Harrisburg, Pa.

Dear Sir: I am in receipt of your letter asking "whether or not the licensee under the Small Loans Act, after his license certificate has been surrendered or the license year has expired without renewal, is permitted to collect interest at the rate of 3½% per month upon loans made before the expiration of his license."

The Act of June 17, 1915, P. L. 1012, known as the Small Loan Act, provides for the loaning of money in sums of $300 or less by any person or persons, partnership, association, or corporation within this commonwealth who shall comply with the requirements of the act.

Section 1A provides for obtaining a license for carrying on the said business, and also provides that

> "The said license shall be issued by the Banking Commissioner and shall expire the first day of June next following the date of its issuance."

Section 2 provides for the rate of interest which may be charged on such loans. The rate of interest allowed to be charged is much higher than the usual rate of interest allowed by law. To charge the rates alowed by the Act of 1915 is a privilege conferred upon a class, namely, those who comply with the provisions of the act and are licensed, and the privilege is to be exercised only while the license is held. Any others exercising any of the rights conferred by the act are acting without authority and against the explicit requirements of the statute.

It will be borne in mind that the statute is a penal one and is to be strictly construed and all of its requirements observed.

In order to charge more than 6%, the legal rate of interest in this state, the person so charging must have lawful authority to do so. This the Act of 1915 gives to persons granted the benefits of that act under a license issued by the Banking Commissioner, as required by law, but with the expiration of the license the privileges granted expire and the licensee has no right to do any of the things which he had the right to do only when holding a license. This includes collecting interest at a rate exceeding 6% on loans made before the expiration of the license.

In *Mutual Benefit Life Insurance Co. v. Bales, 92 Pa. 352,* an insurance agent duly licensed, after the expiration of his license, collected premiums on contracts made while he was licensed. The Supreme Court held that he had no right to collect such premiums and that every act as an insurance agent after the expiration of his license was unlawful and without authority.

I, therefore, advise you that a licensee under the Small Loans Act has no right after the expiration of his license to collect interest in excess of 6%, even though the loans were made before the expiration of the license.

Yours very truly,
(Signed) J. W. Brown,
Deputy Attorney General.

DETROIT LENDERS ORGANIZE EXCHANGE

For several years Detroit lenders have talked of an Exchange, but no definite action was taken until a meeting was called several months ago, at which a committee was appointed to prepare a plan of organization. On the first of May an organization known as the Detroit Lenders Clearing House Association came into existence. Officers were elected and authorized to purchase necessary equipment to place the Clearing House into operation.

Because of the large number of open accounts in each of the eight members of this organization, considerable time was consumed in preparing the records and placing them on file. On June 22nd the Exchange opened for business. This Exchange is operated similarly to those in Pittsburgh and Indianapolis. The following are officers and directors: J. J. Bentley, Carl F. Metz, Charles E. Macbeth and Frank Cady.

MICHIGAN ASSOCIATION

A special meeting of the Michigan Association was held in Detroit at the Detroit Union League Club on Thursday, May 28th. This meeting was called for the purpose of discussing and explaining the provisions of the Uniform Law which becomes effective in this state on August 27th.

The meeting was well attended by both member and non-member licensees.

The following licensees joined the State Association at this meeting: Ann Arbor Finance Company, Ann Arbor; Community Finance Service, Inc., of Flint and Grand Rapids; Fidelity Loan Company of Battle Creek; Personal Finance Company of Lansing and the Standard Credit Company of Flint. This brings the total membership of the Michigan Association to thirty-four.

STATE LENDERS ASSOCIATION BELIEVES IN SMALL LOAN LAW

So Declares H. L. White, Chairman of Association in Interview

No More Than 3½ Per Cent Can Be Levied on Loans of $300 or Less

Believes New Bill Will Do Much to Do Away with Abhorred Loan Shark

Members of the West Virginia Lenders Association are unanimous in their approval of the state Uniform Small Loan Law which went into effect on July 1st. Harry L. White, chairman of the State Association and manager of the State Loan Company here, says that the law will stabilize the loan business in West Virginia and will tend to abolish the much abhorred "loan shark" entirely.

The law provides that an interest rate of not more than 3½ per cent be levied upon a borrower of $300 or less, that a loan dealer must take out a license with the state for permission to loan sums of $300 or less, and that the loan company must place a $1,000 bond with the state licensing official for the use of the state and of any person who may have a cause of action against the company. The law does not affect banks, trust companies, building and loan associations or licensed pawnbrokers.

Action Tardy

Mr. White pointed out that West Virginia was rather tardy in the passing of the bill. He said that the state was twenty-fourth in the Union to put such a law in effect, but that loan sharks had not been especially active here, which might explain failure to enact the law a number of years ago.

"By act of legislature," he said, "many states have enacted the Uniform Small Loan Law, or other practical anti-loan shark legislation, the effect of which has been to eliminate the loan shark evil in each state where it was adopted, and to encourage the establishing of reputable money-loaners for loans of $300 or less, repayable in monthly instalments, under conditions fair to both borrower and lender.

"In states where no loan laws exist," he continued, "many loans have been made where it was found that charges were made on the borrower which equaled as high as 1,000 per cent a year, and there were some at even more ruinous rates. It is needless to say that the state legislature has throttled such movements, if there were any in West Virginia, by the passing of the law."

Mr. White went on to explain that it will also keep persons from going into the business with a small amount of capital. "I have known instances when men with about $10,000 in capital started up in business and made fortunes out of their investments by charging unusually high rates," he said.

"The present rate of 3½ per cent means that only those who expect fair returns on their investment will venture into the field, and it also means that they will have to be backed up by a large amount of capital.

Protects Borrower

"The law also protects the borrower as well as the lender. The lender will not be permitted to foreclose on the borrower's household furniture unless the note be signed by both the husband and wife, and in case there is a written agreement with the lender that in case of nonpayment the loan company has the right to extract what is due at a rate not more than 10 per cent of the salary. In many former cases the entire envelope was taken," he said.

"And we are also benefited in respect to payments. The law provides the 3½ per cent be paid on unpaid balances. This means that the prompt payer, the man who pays promptly pays his 3½ per cent, while the man who comes in in a few days or perhaps at the end of a month, must pay the accumulated interest from the day the note was due until his time of payment.

"There is no doubt in my mind that the time will come when every state in the Union will have adopted small loan laws similar to that which passed the West Virginia legislature. It is the only solution to small loans."

The bill was passed by the state legislature on April 1st. Prior to its passing, the opposition to it was trifling. What opposition there was, was based on the contention that money is as much a commodity as are butter and eggs and that the rate of interest or price should be regulated according to the law of supply and demand.—*Wheeling Daily News,* July 8, 1925.

HAWKINS TO APPEAL. GIVEN 15 YEARS

Alleged Head of Mail Fraud Scheme Also Fined $10,000 by Federal Judge Baltzell—Will Not Be Eligible for Parole

Morton S. Hawkins, former president of the defunct Hawkins Mortgage Company, must spend the next fifteen years in Federal prison at Leavenworth, Kan., Judge Robert C. Baltzell ruled in Federal Court to-day. Hawkins, in addition was fined $10,000.

This sentence, one of the heaviest ever imposed in Federal Court here, was given after Hawkins was found guilty by a jury Friday on charges of conspiracy to use the mails to defraud and use of the mails to defraud.

Starts Appeal Move

Hawkins immediately started preliminary moves to appeal. Appeal bond was set at $50,000. He has twenty days in which to provide this bond, and in the meantime he will be kept in the Marion County jail, where he has been held the past few weeks.

The indictment against Hawkins contained fifteen counts charging use of the mails to defraud, and one count charging conspiracy to use the mails to defraud. He was given five years on each of the fifteen counts, and two years on the conspiracy charge, a total of seventy-seven years. However, only fifteen years will be served cumulative, and Hawkins' term is therefore only fifteen years. He will not be eligible to parole until the end of that time.

Fined on Each Count

The fine given was $1,000 on each count, but only $10,000 will be cumulative.

J. S. Denny, attorney for Hawkins, filed a motion for a new trial, immediately after the sentence was announced. When Judge Baltzell overruled this motion, a motion in arrest of judgment was filed, and a ninety-day period was allowed for filing of a bill of exceptions.

Hawkins' sentence marks the end of what is said to be a nation-wide swindle, alleged to have mulcted many individuals of a total of $6,000,000. Many of the victims were widows.

Hawkins Jumps Bond

On the eve of his trial in Federal Court here in 1924, Hawkins jumped bond, and fled to Ohio, where he fought extradition until a short time ago.

Hawkins stood before the judge when he received his sentence, his hands in his pockets, and his eyes looking to one side.

"I have nothing to say," was his comment when he received his sentence.

Fourteen of his associated and fellow officers of the organization have been convicted and the cases of twelve are now pending in the Circuit Court of Appeals at Chicago.—*Indianapolis Times*, July 6, 1925.

THE BANKER AND HIS EXCHANGE BUREAU

By A. L. Wick

The interest in exchange bureau matters continues. Throughout the country we hear of the good results obtained through the exchange of ideas, with lenders, retail credit men and bankers. We find that lenders are not alone in their effort to improve conditions surrounding their particular business and with a keen desire to be helpful to the public at large.

It has been found, that with credit too easily obtained, the borrower or purchaser gets into a financial condition where they find it impossible to extricate themselves. It behooves the business man, who does a credit business, to make it possible for the borrowing class to secure credit beyond their ability to pay. We find that merchants, by one means or another, participate in a clearing house or retail credit bureau. We find too, that bankers have problems identical to our own, and they too have found it necessary and beneficial to establish credit bureaus. This desire of the merchant, banker and lender, has existed for a long time. They have been surrounded with helpful knowledge and have known the thing needful to bring about a definite plan in which everyone might participate, thereby creating a wholesome desire to be helpful to the borrower and save themselves heavy losses. This is proven by a statement of Mr. C. A. Chapman, President, First National Bank of Rochester, Minnesota, made in his address before the Nebraska Bankers' Association—"The great weakness of American banking in general is that we have so utterly failed, until recently, to make the great mass of experience available to all those engaged in similar undertakings throughout the nation. Our individualism was so intense that we preferred, each one, to buy and dearly purchase, our experience, when valuable precedents were already available." So with the lenders. They all know what is needful, but they hesitate for one reason or another, to take part in the beginning of an effort to improve conditions and in most cases it is based on selfish motives.

The reason why an exchange bureau cannot be quickly organized in most cases, is a suspicion and a feeling of selfishness on the part of the lender or banker and a fear of something that he believes may happen to his business by his connection with such an institution.

The success of an exchange bureau is a certainty if the banker, lender or merchant will have in his heart, faith and generosity and a sincere desire to coöperate. Mr. Chapman in his address on "Banking Practice and Ethics" also makes this statement: "One thing is certain, we shall have to regulate our own vocation from within or be regulated from without. We have experience enough at present, with legal intervention, in every direction. Calling in legislators is like calling in the junk man; the machine is wrecked and the junk man gathers a little more brass. We must set our own houses in order. We have made mistakes and many of them; let us profit from the experience."

"What is best for the community and clientele, must be best for the bank operating staff and stockholders. Community service, trust and stability must be first, and bank profits secondary." "Others engaged with us in banking are to be regarded, not as combatants in a game of strife, but as associates in a noble profession of service. With a need of fraternal solidarity, uniformity of practice, a mutuality of interests and a common discipline of morals to be exercised through the various forms of bankers' associations." "We need constantly to salute the flag of conscience, so that we and others may know of our allegiance thereto. Others, seeing our allegiance, may yield their's also. Thus a growing body of opinion gives weight in the estimation of still others and the things grow."

I also quote from an address by Mr. Chapman, "Protection for the Country Banker," published in the *United States Investor*, October 18, 1924: "In the great industrial and financial centers, the exigencies growing out of keen competition have compelled men in the same line of business to get together, to throw aside the old objections, to surrender valuable trade secrets, formulæs and practices, and to lay upon the table for their common benefit, their common experiences." "You can readily think of a number of communities in your own states, which under such a conclusion ought to have clearing houses and those of us who have enjoyed the protection of clearing houses, the safeguards set up by clearing houses, the fellowship engendered within our clearing house associations, the intimate contact which we have gained through those associations, the interchange of valuable and indispensable information which has come to us through them, to say nothing of the physical facilities which they afford, can well afford to make the effort to carry the idea afield to our rural communities." "The most valuable aspect of the clearing house after all, is the common counsel table. Men against whose keen intelligent efforts in business-getting we found ourselves pitted through the years, come finally to be regarded by us in some measure as friends, rather associates than rivals."

I also quote from an address by C. W. Allendoerfer, Vice-President, First National Bank of Kansas City, Missouri, entitled "A Credit Bureau Will Cut Your Losses," as follows: "I am raising the question to-day as to how many of these frozen loans have resulted sadly, as well as how many, which left us feebly convalescent for the reason that too little accurate information about the borrower's assets and liability was available." "I do not mean to say I doubt the integrity of the average borrower. Most men are honest, but a good many men do not feel any guilt in letting the banker believe certain things to be true, which are not true, so long as they do not have to tell a complete and direct falsehood to create that belief. I believe that with coöperation between banks and a small outlay in expense, a much better knowledge of the debts of our borrowers may be had and greatly to our advantage." "And so the clearing house examiner system was installed and the idea has spread to many cities, working successfully practically without exception. When once adopted the clearing house is never abandoned." "The plan of coöperation in cities is shown to be precise and machine-like, but valuable and adaptable to use by varied personalities and under varied conditions. One of the valuable features in nearly all clearing house examiners' offices, is the ability to furnish a member bank, on fairly short notice, information as to the total indebtedness to all members, of a borrower, from the inquiring banks. The objection commonly raised is that the fellows in the other banks will not play fair and will get more than they give in the exchange. This has not been found to be a fact—a reality." "There have been several instances that I know of, where farmers have borrowed from each of the several banks, an amount which would have been entirely in line if they had not owed the other banks. Discovery of the total borrowing was made too late to do any good. How much of this duplicated borrowing exists without our knowledge we can only guess. The establishment of a credit bureau will reveal how much there is."

Quoting from an address by E. A. James, Clearing House Examiner, Salt Lake and Ogden, Utah, entitled "Some Reasons for Installing the Clearing House Examiner's System." "The installation of the clearing house examiner system in any city serves as a notice to the citizens of that community, that the members of the clearing house association means sound and scientific banking. Also, "Coöperation and construction should be the aim of every clearing house association. To build up an association therefore, every member must be willing to help the other members and every member must have confidence in the statements of the other members."

It will be seen from the above that problems of bankers do not differ from that of the lenders or merchants. It also proves that the problems of the merchant, lender and banker are identical and for the improvement of collections and a reduction of losses and general helpfulness toward one another it is imperative that we all work hand in hand for our mutual good.

BANK PLANS HERE GET OFFICIAL O. K.

Richard Bean to Start Industrial Loan Department for Louisville National

Back From Washington

Richard Bean, president of the Louisville National Bank, has returned from Washington, where he obtained permission from the Comptroller of Currency to launch for the Louisville National Bank his plan for an industrial loan department. "As usual," Mr. Bean said, "the large commercial banking institutions are not organized for handling small loans that are paid back in weekly or monthly installments. For many years the people of moderate means, who could advantageously use money on such terms, have been depending upon the so-called 'loan sharks' or 'lending companies' at a very high rate of interest.

"The Kentucky Statute allows institutions of proper capitalization to handle loans of this type up to $2,000 at the regular 6 per cent rate of interest, plus a 2 per cent fee for the cost of investigating the character and responsibility of the borrower.

"The man who has had the same job for five or six years," Mr. Bean said, "is a pretty substantial citizen provided he has not overlived his income. But if he does not own real estate, stocks or bonds, which would afford him the right kind of collateral which regular banks require when lending money, he cannot always get accommodations from them.

"This plan we have worked out here at the Louisville National, and approved by the Comptroller of Currency in Washington, makes it comparatively easy for employes, small merchants and others to borrow money for necessary purposes by simply having two friends, neighbors, or relatives who have good positions, to endorse their note. A note with three such men is certainly a good risk.

"By enabling a borrower to repay his loan weekly for fifty weeks, if he is paid by the week, or monthly if he is paid by the month, this plan is really of great benefit to the public. It also tends to effect the habit of depositing every week or every month in a bank which habit certainly makes for substantial citizenship."—*The Courier-Journal*, Louisville, Ky., July 27, 1925.

THE LOT OF THE MONEY LENDER

Evidence Before Committee

Sixty Gross Profit a Necessity

Under the chairmanship of Lord Darling the committee appointed by Parliament to consider the bill affecting money lenders, introduced by Lord Curzon in the House of Lords, and Mr. S. R. Wells, Conservative M. P. for Bedford, in the House of Commons, yesterday heard evidence on behalf of money lenders.

Mr. C. H. James, of Leeds, representing the Money Lenders' Association, objecting to the clause in Lord Curzon's bill which provides for county court decisions in money lending cases, declared that some county court judges took a prejudiced view against the money lender.

Mr. James said that money lenders contended that their business did not cause nearly so much misery as was caused by drink and gambling; yet it was proposed to place restrictions upon money lenders while other people circularized as they liked.

When it was asserted that money lenders charged extortionately it was not stated that the profit obtained was gross profit. Nothing was said about the expenses of running the business or of bad debts.

"I wish to state most emphatically after 40 years' experience," said Mr. James, replying to a question, "that money lending cannot possibly be carried on under 60 per cent gross profit."

Mr. Moss, freeman of London, who also represented the Money Lenders' Association, said he generally got a promissory note from the borrower. The interest was calculated for twelve months and the borrower contracted to pay the full interest for the year if he defaulted. —*London Daily Mail*, June 18, 1925.

YEAR BOOK CORRECTIONS

Since the 1924 Year Book was published a number of new members have been added to the directory. If you would like to keep your book up to date until the 1925 Year Book is published add the following names and addresses:

Personal Finance Co., 278 Main St., Ansonia, Conn.
Mutual System Co., 952 Main St., Bridgeport, Conn.
New England Equity Corp., 164 State St., Bridgeport, Conn.
New England Equity Corp., 607 Main St., Hartford, Conn.
New England Equity Corp., 139 Orange St., New Haven, Conn.
New England Equity Corp., Thayer Bldg., Norwich, Conn.
New England Equity Corp., 115 Bank St., Waterbury, Conn.
American Loan Co., 406 Peters Bldg., Atlanta, Ga.
Security Loan Co., 5 Bogard-Wright Bldg., Clinton, Ind.
Lincoln Loan Co., 515 Meyer-Kiser Bldg., Indianapolis, Ind.
Security Loan Co., 12 National Bank Bldg., Rockville, Ind.
Des Moines Loan Co., 312 Frankel Bldg., Des Moines, Ia.
Imperial Finance Co., 205 Norton Bldg., Louisville, Ky.
Newark Cash Credit Co., 309 American Bldg., Baltimore, Md.
New England Equity Corp., 19 Pearl St., Boston, Mass.
New England Equity Corp., 226 S. Main St., Fall River, Mass.
New England Equity Corp., 24 Howe Bldg., Lowell, Mass.
New England Equity Corp., 303 Bookstore Bldg., New Bedford, Mass.
New England Equity Corp., 470 Main St., Fitchburg, Mass.
Community Finance Service, Saginaw and Kearsley Sts., Flint, Mich.
Community Finance Service, Fifth Floor, Goodspeed Bldg., Grand Rapids, Mich.
Personal Finance Co., 112 E. Allegan St., Lansing, Mich.
Personal Finance Co., 211 E. Genesee St., Saginaw, Mich.
American Loan Co., 999 Elm St., Manchester, N. H.
Simeon Sharaf, 98 N. Main St., Concord, N. H.
York Corp. Trust & Law Co., 12 West St., Keene, N. H.
Nashua Loan Co., 69 Main St., Nashua, N. H.
Newark Cash Credit Co., 710 Mattison Ave., Asbury Park, N. J.
Atlantic Industrial Loan Co., Chelsea Natl. Bk. Bldg., Atlantic City, N. J.
Newark Cash Credit Co., 999 Bergen Ave., Jersey City, N. J.
Industrial Loan Society, 175 Smith St., Perth Amboy, N. J.
Citizens Finance Co., 412 Park Bldg., Cleveland, O.
Community Finance Service, 39 Davies Bldg., Dayton, O.
West Philadelphia Finance Co., 5116 Market St., Philadelphia, Pa.
Personal Finance Co., 76 Dorrance St., Providence, R. I.
Mutual Service Assn., 4 Washington Sq., Newport, R. I.
New England Equity Corp., 17 Exchange St., Providence, R. I.
Virginia Small Loan Corp., 119 N. Third St., Richmond, Va.
Atlas Loan Society, 407 Guaranty Trust Bldg., Detroit, Mich.
Guaranty Loan Co., 1 Lane Bldg., Davenport, Ia.
Personal Finance Co., 432 N. Saginaw St., Flint, Mich.
Personal Finance Co., 303 Dauphin Bldg., Harrisburg, Pa.

NEW JERSEY

The regular quarterly meeting of the New Jersey Industrial Lenders Association was held in the Coleman House, Asbury Park, N. J., on Thursday, July 18, 1925. The meeting opened by a delightful luncheon which was served to the satisfaction of all who attended.

The meeting was called to order at 1:30 p. m. in the ball room of the Coleman House by Chairman Alberse and the following responded to the roll call: Atlantic City Industrial Loan Co., Atlantic City; Beneficial Loan Soc., Paterson; Beneficial Loan Soc., Trenton; Beneficial Loan Soc., Newark; Beneficial Loan Soc., Orange; Beneficial Loan Soc., Elizabeth; Beneficial Loan Soc., Camden; Community Finance Service, Inc., Elizabeth; Community Finance Service, Inc., Jersey City; Community Finance Service, Inc., Atlantic City; Community Finance Service, Inc., Camden; Community Finance Service, Inc., Newark; W. A. Dunn Co., Paterson; Enterprise Loan and Investment Co., Newark; Gibralter Loan Soc., Newark; Hamilton Loan Co., Paterson; Industrial Loan Soc., Newark; Industrial Loan Soc., Jersey City; Industrial Loan Soc., Perth Amboy; Industrial Loan Soc., Plainfield; Jersey City Loan Co., Jersey City; Max Knobloch Loan Co., Newark; Newark Cash Credit Co., Asbury Park; New Jersey Finance Co., Jersey City; Newark Cash Credit Co., Newark; Newark Cash Credit Co., Jersey City; Peoples Finance Service Co., Newark; Peoples Finance Service Co., Jersey City; Protective Investment Co., Paterson; Standard Loan Co. of Jersey City.

The Association was also honored with the presence of Dr. Charles G. Mueller, President of the Community Finance Service, Inc., of Philadelphia, former president of the American Industrial Lenders Assn.; Charles H. Watts, President of the Beneficial Operating Bureau of New York City, Secretary of the Pennsylvania Industrial Lenders Assn.;

Mr. A. G. Zimmerman, Supervisor of the Beneficial Loan Society; and Mr. E. C. Marsh, Secretary of the Asbury Park Chamber of Commerce, who represented the mayor.

Dr. Mueller made a motion which was seconded that the chair appoint a committee of three to include the secretary, to go over the records of both the treasurer and secretary and clean said records, as to delinquent members, with power to make correction, to be reported at the next meeting, whreupon the chairman appointed Mr. Simonson, Mr. Cameron, and the Secretary.

Report of the Auditing Committee, of which D. H. Cameron was chairman, was read and ordered placed on file. A vote of thanks was tendered to Mr. Cameron on behalf of his clear and precise report and much credit was given him for his splendid work.

Mr. Watts on behalf of the Legislative Committee reported that quite considerable action had been taken in the various state legislatures concerning our business and begged the members of the New Jersey State Association not to abuse the New Jersey laws in any way with the fear that sooner or later there might be some radical changes in our state laws. He told the members that someone was always trying to put new angles to the existing small loan laws in the various state legislatures and that usually it was someone who was in no way connected with our business and who least of all understood us.

He spoke of a bill which was now before the Governor of Connecticut to change the Connecticut rate of interest from 3½% to 3%, and that if the Governor O. K.'d that bill it would be the first break in the ranks, which practically would mean that a change would take place all over the country and place New Jersey in a position for a reduction. Notwithstanding adverse legislature some good work was performed, such as in Florida, West Virginia, and Michigan, by adopting a new 3½% rate.

Mr. Badger, of the Newark Cash Credit Co., suggested that a letter of appreciation by the New Jersey Industrial Lenders Association be sent to the members of the Legislative Committee thanking them for their splendid work and success in the past year.

A. G. Zimmerman, of the Publicity Committee, advised the members that he made contact with the chairman of several local exchanges in the state and that he met with some opposition due the propaganda sent him by the National Publicity Committee, and called upon John J. Irish of Jersey City, who stated that he had placed the proposition before the members of the local exchange and the members had not as yet been able to get together.

A. J. Simonson of Newark reports that he had taken the propaganda to several of the newspapers of Newark who absolutely refused to handle same in its present condition, but would accept said propaganda if paid for, and this will be presented at the next meeting of the Newark Exchange for consideration.

A motion was made by Mr. Mueller that the New Jersey Association recommend to the National Publicity Committee to change the form of publicity reader to contain more news items rather than presented in its present advertising form, so that the propaganda will carry a punch more easily digested than plain hard advertising matter. Motion carried and so ordered.

Mr. Badger advised the members that he being the only lender in Asbury Park had taken it upon himself to insert a similar advertisement as advised by the Publicity Committee and, that his organization had never derived any benefits therefrom and criticized this form very severely. His criticisms were answered by Mr. Watts in a very delightful discourse, through which he tried to show the members that this form of advertising or propaganda was to educate the public at large, rather than the individuals, that even though we did not derive any actual benefits to-day he looked forward into the future years. The members showed their appreciation for Mr. Watts' little talk with a hearty outburst of applause.

The secretary read a letter from Mr. Kehr, the National Secretary, which letter was ordered to be spread upon the minutes, regarding members in various states starting legal action attacking the laws under which they operate and pointing out to the members the necessity of first conferring with the State Association or National Law Committee on all matters of important legislation, upon which Mr. Watts made a motion and was seconded that the members before ever taking legal action of any kind pertaining to or against the small loan laws of this state should connect with the Association for advice before doing so.

Harrisburg, Pa., June 6, 1925.

To the State Association Chairman:

The Chairman of the National Legislative Committee, Charles H. Watts, points out the importance of State Associations conferring with the National Law Committee on all matters of important litigation.

He illustrated by referring to the cases lost by Mr. Masters in Georgia on the question of computing interest at 3½% per month for the actual number of days between payments, and the lost cases in Ohio against the salary buyers. He and others are of the opinion that if the National Law Committee had been consulted and its advice followed, and good counsel employed, that both of these cases might have been won.

Another suggestion with possibilities, comes from Edgar P. East, Chairman of the Virginia Association, in which he writes as follows:

"Do you presume it will be worth while if possible to attempt to get the several state chairmen and possibly the chairmen of the respective Executive Committees of the different associations to meet about three times a year, that is every four months, in order that they become better acquainted with the local conditions in the different states, exchange ideas and carry them back to the respective State Associations? The expense to be borne by the individual State Associations or by the National Association. This will, of course, include any of the national officers who wish to be present. I would like to have your opinion as to this suggestion.

"Will you therefore be good enough to take these matters up with your State Association Executive Committee and the other officers of your State Association, and let me know what if any action, is taken?" Very truly yours,

Geo. W. Kehr,
National Secretary.

The other suggestion coming from Edgar P. East relative to State Chairmen of each association meeting three times a year, was laid on the table for the next meeting.

The chairman then advised the members that the time had come when the delegate to represent our Association to attend the National Convention of the N. I. L. A. to be held in Providence, R. I., in September, be chosen, and upon motion by Mr. Watts, the secretary was nominated, seconded and carried.

It was voted that the secretary, Wm. P. Hansche, be elected as delegate and that all expenses in connection with same be paid by the Association.

The application of the Central Loan and Finance Co. of Atlantic City was presented for membership and elected by vote. The members decided that the next meeting be held in Camden, N. J., on the third Thursday of September, namely, September 17th.

William P. Hansche, *Secretary.*

OHIO

The eleventh annual convention of the Ohio Loan Association held July 22d, 23d and 24th, at Cedar Point, Ohio, has passed into history, and for the benefit of those who were unable to attend, we trust that you will be good enough to publish the following account thereof:

The convention opened with the annual "get together" luncheon, held in the main dining room of the hotel and was attended by 76 members and their guests and friends. The formal opening of the convention was called to order by Col. D. H. Pond, chairman, in the convention room immediately thereafter. And by the way, Colonel Pond demonstrated his "grit" in coming to preside over the convention, having only the day before gotten out of bed after a four weeks' siege of rheumatism. The Colonel says he will soon be as good as ever, and will be able to fill his position of "Sergeant at Arms" at the forthcoming National Convention.

The Association was welcomed by Mrs. Bella Lehman, a citizen of Sandusky and prominent in its social, business and civic affairs. Her's was a genuine welcome, conveyed in a speech sparkling with wit and humor.

The response was made by M. Austin Potter, manager of the Lima Loan Co., and was an expression of appreciation on behalf of the Association and stress was made upon the theme of "Service."

Colonel Pond thereupon made report of the activities of the Association during the past year, and also dwelt upon the aims for the future, and among other things outlined the policy of the Executive Committee that a larger part of the functioning of the Association be taken by the individual members, and to that end recommended the appointment of several standing committees to which could be assigned the work.

The report of the secretary and treasurer showed that the Association was in a flattering state from a financial standpoint; that there were 68 members of the Association having 142 licensed offices; and that the capital of these various offices during the year 1924 was approximately $8,000,000.00; and that the average loan balance of each office was approximately $54,000.00.

F. J. Schneider, of the Household Loan Co. of Cleveland, and M. Austin Potter, Manager of the Lima Loan Co., were chosen captains for the water baseball game to be held Thursday afternoon.

On Thursday the annual managers' session was held and was in charge of B. L. Thuma, Manager of the Capitol Loan Co. of Columbus, Ohio. Mr. Thuma's meeting reflected the careful efforts which he had made to bring out a discussion of various subjects and questions affecting the every-day work of the loan office.

Three speakers of prominence were with us on Thursday. The first was E. D. Lynde, assistant secretary of the Associated Charities of Cleveland, Ohio. Mr. Lynde recognizes clearly the value of the small loan business in assisting persons to become self-reliant by means of a loan, and thus preventing him from becoming a public charge. He cited numerous instances where the securing of a small loan through the advice of the welfare society had assisted men in ridding themselves of clamorous creditors and getting a new start, saved his credit and put him on his own feet. The theme of Mr. Lynde's address was that a small loan helps men to help themselves.

Much mirth was injected into the meeting by the address of Mr. Tom Pearman, Secretary of the Lima, Ohio, Y. M. C. A., whose address was seasoned with some of the best stories we have ever heard. He demonstrated also that his thoughts do not run entirely in the lighter vein, for he in three short sentences came nearer to epitomizing the true ideals of the small loan business than many have in an hour's address.

He reminded us that since the small loan business has an ancestry of which it cannot altogether boast, that we should turn our faces resolutely toward the future and make it one of the best businesses on the earth.

L. J. Ingram was unable to be present and his well prepared paper on the subject, "The Outside Assistant Manager," was read by H. F. Welch, Manager of the Beneficial Loan Society of Akron, and was much appreciated.

Our convention was honored by the presence of J. H. Aufderheide of Indianapolis, Indiana, who delivered an address on Thursday and called our attention to the numerous benefits to be derived from being a member of the American Industrial Lenders Association.

The election of officers for the ensuing year resulted as follows: Chairman, Col. D. H. Pond; Vice-Chairman, L. K. Osborne; Secretary and Treasurer, J. Fred Anderson; Executive Committee, Dr. C. G. Mueller, Thomas R. Schoonover, L. K. Osborne, Col. D. H. Pond, J. Fred Anderson.

A communication from Geo. W. Kehr, in reference to inviting state department heads to the Providence Convention resulted in Chairman Pond being authorized to invite Cyrus Locher for the Ohio Association.

The water baseball game was a thriller, the final score being 23 to 17, favor of Schneider's recruits. Only the sands on the beach could number the total errors.

An earnest effort was made by the committee in charge of the convention to secure a complete list of those in attendance, but we very much doubt if everyone registered, the list as secured being as follows:

J. J. Aldrich, Columbus, Ohio.
M. L. Anderson, Mansfield, Ohio.
W. L. Armstrong, Uhrichsville, Ohio.
J. H. Aufderheide, Indianapolis, Ind.
Mr. and Mrs. J. Fred Anderson and daughter Betty, Springfield, Ohio.
Edward E. Beyer, Cincinnati, Ohio.
Edith L. Beyer, Cincinnati, Ohio.
Ben Blumberg, Terre Haute, Ind.
Mr. and Mrs. C. F. Bucher, Springfield, Ohio.
W. H. Boullt, Cleveland, Ohio.
Wm. M. Burns, Alliance, Ohio.
Mr. and Mrs. Thos. Carroll, Akron, Ohio.
Miss Virginia DeWeese, Piqua, Ohio.
Lester T. DeWeese, Piqua, Ohio.
Mr. and Mrs. W. T. Doorley, Dayton, Ohio.
C. R. Dudley, Zanesville, Ohio.
Mr. and Mrs. J. J. Duke, Canton, Ohio.
H. C. Dunn, Cleveland, Ohio.
E. C. Fox, Cashhocton, Ohio.
R. W. Gensel, Lima, Ohio.
Mr. and Mrs. J. C. Graham, Toledo, Ohio.
Mr. and Mrs. L. E. Greer, Newark, Ohio.
W. T. Haas, Warren, Ohio.
B. E. Hamlin, Cleveland, Ohio.
Joe C. Hartline, Mansfield, Ohio.
Raymond R. Heath, Toledo, Ohio.
R. H. Heinrich, Toledo, Ohio.
Madame Heilborne, Sandusky, Ohio.
H. S. Hesson, Springfield, Ohio.
Fred Hill, Columbus, Ohio.
R. D. Hoff, Marietta, Ohio.
Mr. and Mrs. C. H. Hager, Toledo, Ohio.
F. J. Hayes, Cleveland, Ohio.
J. F. Johnley, Portsmouth, Ohio.
A. L. Kauffmann, Canton, Ohio.
Mr. and Mrs. Jno. W. Keller and family, Zanesville, Ohio.
Miss Edna King, Youngstown, Ohio.
Mrs. Bella Lehman, Sandusky, Ohio.
Henry Lehman, Sandusky, Ohio.
Miss Ruth Leigh, Sandusky, Ohio.
Mr. and Mrs. C. G. Liggett, Dayton, Ohio.
A. P. Lykins, Cincinnati, Ohio.
E. D. Lynde, Cleveland, Ohio.
D. O. Marshall, Springfield, Ohio.
H. R. Matthew, Cambridge, Ohio.
Oscar R. McClure, Portsmouth, Ohio.
Mr. and Mrs. E. F. McKee, Springfield, Ohio.
Mr. and Mrs. J. P. Michael and daughter Lucille, Columbus, Ohio.
Mr. and Mrs. C. A. Miller, Canton, Ohio.
Dr. C. G. Mueller, Philadelphia, Pa.
A. A. Naltner, New York.
L. W. Newman, Columbus, Ohio.
Mrs. Ardelle Nutting, Cleveland, Ohio.
Mr. and Mrs. L. K. Osborne and sons, Columbus, Ohio.
Mr. and Mrs. Thos. Pearman, Lima, Ohio.
W. H. Patterson, Muncie, Ind.
J. F. Phillipi, Piqua, Ohio.
H. B. Pierce, Newark, Ohio.
Col. D. H. Pond, Cleveland, Ohio.
Mr. and Mrs. M. Austin Potter, Lima, Ohio.
D. Ray Reynolds, Indianapolis, Ind.
G. E. Roby, Columbus, Ohio.
J. E. Roush, Akron, Ohio.
Wm. Russell, Paulding, Ohio.
A. C. Schaefer, Cleveland, Ohio.
Mr. and Mrs. F. J. Schneider, Cleveland, Ohio.
Mr. and Mrs. Thos. Schoonover and family, Lima, Ohio.
Fred Schoonover, Lima, Ohio.
Mrs. Martha Smart, New Philadelphia, Ohio.
E. F. Smith, Portsmouth, Ohio.
Jno. W. Smith, Columbus, Ohio.
W. W. Taylor, Sandusky, Ohio.
B. L. Thuma, Columbus, Ohio.
Mr. and Mrs. E. B. Timmermeister and and family, Lima, Ohio.
Mr. and Mrs. J. F. Trump, Springfield, Ohio.
W. K. Waltman, Springfield, Ohio.
C. H. Watts, New York.
Mr. and Mrs. J. W. Waddington and daughter, New Philadelphia, Ohio.
Sidney L. Weitheimer, Cleveland, Ohio.
H. F. Welch, Akron, Ohio.
W. L. Wilson, Dayton, Ohio.
Herman Wise, Ottawa, Ohio.
O. F. Woirschwill, Dayton, Ohio.
Mr. and Mrs. O. G. Woodbury, Columbus, Ohio.
Mr. and Mrs. J. N. Woodruff, Cleveland, Ohio.
B. F. Wunsch, Dayton, Ohio.
Rowland Zimmerman, Sandusky, Ohio.

Ohio expects to be well represented at the National Convention in Providence, R. I., September 2d to 5th.

J. Fred Anderson, *Secretary.*

PENNSYLVANIA

The regular meeting of the Pennsylvania Industrial Lenders Association was held in Parlor C, Pen Alto Hotel, Altoona, at 10 a. m., Thursday, June 11, 1925. The meeting was called to order by Chairman P. B. Reeves. Thirty members were present.

Chairman Reeves called attention to the goodly number of visiting members and expressed the hope that our deliberations would be helpful, and will have warranted the journey made for the first time to the city of Altoona as a place of meeting.

Treasurer Devine reported on hand, June 11, 1925, $2,964.58.

Secretary Watts reported a membership of 119. One hundred and sixteen of these are in good standing as of July 1, 1925. Seventy-one members are members in good standing of the American I. L. A. as of August 1, 1925. There are 284 licensed lenders in Pennsylvania.

The Executive Committee.—Chairman Ezekiel reported a special meeting of his committee in March, Bellevue-Stratford Hotel, Philadelphia, to consider matters of vital importance to the membership. Also a special meeting in April at the City Club, Philadelphia, to further consider the matter of controversy between members in re Exchange Bureau, Philadelphia.

The Publicity Committee.—Chairman Moore reported that favorable newspaper publicity was being obtained in the majority of the cities in which our members are found and, in addition, space is being given to the articles forwarded by the National Association Publicity Committee.

The Vigilance Committee.—Chairman Fahringer. The report was made by the chair, and indicated attention was being given to policing the business in different sections of the state.

The chair reported no further movement at Pittsburgh of the salary purchasing case. It was agreed that the chair will confer with Mr. Fahringer and endeavor to bring the matter to a conclusion at an early date.

The matter of the controversy between Mr. Noteman and other members re doubling up of loans in Philadelphia was ordered continued in the Executive Committee.

Considerable discussion was had with respect to one of our members advertising in Philadelphia newspapers of thirty days' interest free as an inducement to obtain customers. Messrs. East, Ezekiel, Reeves and others expressed their disapproval of this special inducement, and the secretary was asked to write Mr.

Webster asking that it be discontinued, or a conference on the matter be held at an early date.

The matter of the unpaid dues of the Citizens Loan & Investment Co. of Williamsport went over until the next meeting. In the meantime, this question is in the hands of a special committee consisting of Mr. Young.

On motion of Dr. Mueller, seconded by Mr. Kehr of Altoona, the New England Equity Corporation, 4665 Frankfort Ave., Philadelphia, and the Reliance Loan Company, 1529 Chestnut St., Philadelphia, were duly elected to membership.

On motion of Mr. East, seconded by Mr. Thale, Mr. Buck of Philadelphia and Mr. McCartney of Pittsburgh were elected as delegates to the Providence Convention of the A. I. L. A. in September, 1925. Their expenses will be paid from the treasury. Mr. Hart of Philadelphia and Mr. Fahringer of Pittsburgh were elected as alternates.

On motion of Dr. Mueller, seconded by Mr. Devine, a vote of thanks and an expression of appreciation for their helpfulness was ordered tendered the A. I. L. A.

On motion of Dr. Mueller, seconded by Mr. Albrecht, the question of bringing civil suit against the Auto Security Co. of Philadelphia to recover money paid by a borrower was submitted for the attention of the Vigilance Committee. They were authorized to employ an attorney and take such action in the matter as they might deem desirable.

The chair announced that the annual meeting will be held at the Bellevue-Stratford Hotel, Philadelphia, November 18, 1925. This will be the tenth anniversary of the Pennsylvania I. L. A. and the Entertainment Committee are prepared to make it a worthy one.

The chair urged a greater observation of the legal holidays recommended and as adopted by resolution in previous meetings (members desiring an approved list may apply to secretary).

James P. Gill, Mgr., Community Finance Service, Altoona, read a most interesting paper on the subject of "Coöperation Between Loan Men and Credit Men in Altoona." This was well received and a vote of thanks tendered Mr. Gill and the secretary was instructed to forward the paper to the LENDERS NEWS for publication.

New W. Gibney, Mgr., Beneficial Loan Society, Altoona, read a paper on the subject of "Our Credit Situation." He was tendered a vote of thanks for his splendid paper and the secretary was instructed to forward it to the LENDERS NEWS for early publication.

A vote of thanks was ordered tendered John Haverstroh, Esq., Altoona, and Mayor E. F. Giels of Altoona for their attendance at the noon day luncheon, and their helpfulness both by word and act.

The chair announced the next meeting of the Association would be held at Reading the latter part of July. Further notice of same will be made to members in due season.

On motion of Mr. Devine, seconded by Mr. Dirkson, a vote of thanks was tendered the local committee for the satisfactory arrangements of to-day's meeting inclusive of the luncheon.

CHARLES H. WATTS, *Secretary.*

Don't forget your hotel reservations at the Providence Biltmore, September 2 to 5.

VIRGINIA

The regular meeting of the Virginia Industrial Lenders Association was held at Jefferson Hotel, Richmond, Va., July 22, 1925.

The secretary called the roll and the following members were present: Citizens Loan Society of Norfolk, Empire Company of Norfolk, National Small Loan Society of Norfolk, Beneficial Loan Society of Norfolk, Atlantic Small Loan Company of Norfolk, Beneficial Loan Society of Portsmouth, Beneficial Loan Society of Roanoke, Beneficial Loan Society of Richmond, Citizens Loan Society of Richmond, Virginia Small Loan Corp. of Richmond, Personal Small Loan Corp. of Richmond, Home Guarantee Company of Richmond, Standard Credit Co. of Richmond, United Small Loan Corp. of Richmond. We also had with us C. H. Watts and Walter S. Hilborn of New York; E. F. Moore of Philadelphia, Pa.; H. T. Mattingly, Lee H. Pumphrey and C. Howard Hood of Baltimore, Md.

Secretary Bray reported that there were 35 licensees in the state. Out of this number, we only had 23 members in the Association.

We had one delinquent member who had not paid any dues, and he was elected to membership Oct. 23, 1924. He also reported the monthly assesments were being paid very satisfactorily by the members.

Treasurer Bradshaw reported that we had cash on hand $1,246.16.

Executive.—L. E. Pope reported that pursuant to the instructions of the Executive Committee, he had had Attorney Virgil R. Goode prepare a set of uniform papers. Mr. Goode had completed the papers and Mr. Goode would present the same himself. He recommended the adoption and use of same. As previously agreed upon Mr. Goode's fee for preparing papers would be $275, and he recommended the treasurer to be authorized to send check for this amount.

Attorney Virgil R. Goode appeared before the members and read over the five papers he had prepared, Note, Deed of Trust, Financial Statement, Assignment of Wages and an Affidavit for releasing the Deed of Trust. He gave his reasons why he thought these papers bullet proof.

C. H. Watts moved that we accept the recommendation of the Executive Committee and adopt these papers. Mr. Edge seconded the motion and it was carried unanimously. The treasurer was instructed to pay the bill.

Mr. East promised to have some copies of these papers multigraphed and mail each member a copy at once.

Communications.—The secretary read a letter from Mr. Kehr, National Secretary, that at the suggestion of Mr. Watts and by direction of the National Chairman, he requested us to take up the matter regarding us inviting a state official who supervises our business in this state to the National Convention at Providence, R. I. Mr. Mattingly moved that we invite a representative from the Banking Department to be our guest at the National Convention. Mr. McMurtrie seconded the motion. Carried unanimously. Mr. East was appointed to attend to this.

Unfinished Business.—Mr. Moore reported that his committee had gone into the subject of a "Special Heading" to be used in newspapers, so it would eliminate pawnbrokers, salary buyers and other people not in our business from advertising under the same heading. He recommended that the heading "Loans Up to $300.00" be adopted. This was adopted and the various committee men agreed to try and get the newspapers in their respective cities to group them under this heading.

Mr. Mattingly reported that they had lost out in the Lynchburg Courts in the matter of filing an assignment of wages against a bankrupt. After some discussion, it was decided to let this matter drop.

Mr. Moore offered a resolution requesting the Banking Department to rename the department having charge of the supervision of the small loan business, that is to call the department, or bureau, or division, The Industrial Loan Division. It was agreed to take this up with the Banking Department.

Mr. Moore also stated that the state membership certificates should contain something of the following character:

"This certificate is the property of the Virginia Industrial Lenders Association and is lent by it to the present member and shall be returned upon termination of active membership for any cause without requiring demand therefor." This was unanimously adopted.

Mr. Moore also gave notice that at our next meeting he wished to make an amendment to the Constitution, viz: "Should any member be convicted of violating the loan law or lose his license, the Association may terminate his membership, whereupon his certificate of membership is to be surrendered."

Mr. Watts moved that this matter be sent to the Executive Committee to look into and report at our next meeting. The secretary was instructed to send out notices of this to the members at least 10 days before the next meeting.

Mr. Watts spoke on the subject of where any office had a case in court where the defendant was questioning the constitutionality of our law, it should be taken up with the chairman of the Legislature Committee of the National Association so that they would be able to give assistance in this matter.

Mr. East and Mr. Burnett spoke strongly about every member attending the National Convention at Providence, R. I., Sept. 2, 3, 4 and 5.

Mr. East was elected as delegate representing this Association and Mr. McMurtrie as alternate delegate.

In the evening we met in the banquet hall where a splendid dinner was served. Chairman East gave each gentleman a beautiful pencil and each lady a Stone Mountain memorial coin. He also gave two special prizes to the winners of the lucky numbers, a brief case to the gentleman and a hat box to the lady. A colored orchestra furnished music during the banquet and for dancing.

Everybody was delighted with the way Chairman East arranged the program, and great credit is due him for the manner in which he put this thing over himself.

FRANK BRAY, *Secretary.*

POSITION WANTED

Experienced loan man in any capacity desires location with desirable firm. First class references. L. J. S., Box 778, Harrisburg, Pa.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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UNIVERSITY OF ILLINOIS

Eleventh Annual Convention of the American Industrial Lenders Association at Providence, R. I., Sept. 2-4, 1925

THE eleventh annual convention of the American Industrial Lenders' Association, held at Providence, Rhode Island, from September 2 to 4, went into history as a worthy successor of its predecessor events. In point of attendance, the quality of addresses made, in the interest of those attending, and in its social and recreational sides, it was a convention that will long be remembered with pleasure by those whose good fortune it was to have attended it. It was the first annual convention of the national body ever held in New England and the Rhode Island members had evidently determined to leave nothing undone to convince their fellow members that no mistake had been made when it was decided to hold the 1925 convention in Providence. Their generous hospitality and completely planned and capably executed arrangements for the pleasure and entertainment of their guests left no doubt in the minds of the visitors that they fully appreciated their responsibilities as hosts.

The convention, in a sense, was another reunion of North and South, for it was the occasion of a first visit so far north for many of the members. This phase seems to have impressed several of those on the programme, for more than one of the speakers digressed from the purely technical subject of his address to give expression of his gratification for the obliteration of sectional feelings in our country to-day and the existence of a firm bond of unity between all the parts of the nation. The convention also partook of a civic nature, for the local committee had arranged for addresses by the mayors of two Rhode Island cities, the Attorney General of the State and officers of Chambers of Commerce.

Credit for the arrangements for the entertainment of those attending the convention is due to the members of the Convention Reception Committee of the Rhode Island Association, whose members were: F. N. Kennon, Chairman, Pawtucket; F. A. Pomfret, Pawtucket; Harry G. Neal, Providence; George E. Rich, Pawtucket; G. F. Lewis, Newport; S. S. Moran, Providence; E. LaGueux, Providence, and G. W. Delaney, Providence. Due also to excellent advance publicity in Providence, the convention was no stranger to the city, for Mr. Moran had arranged for a half page article, illustrated with cuts of the national officers, which appeared in the *Providence Journal* the Sunday prior to the opening day of the convention. This article, besides giving the convention programme in full and the list of national officers and committees, quoted liberally from the Code of Ethics adopted by the Association at the convention a year ago.

A great many of the lenders who attended the convention were accompanied by members of their families, and special arrangements for their entertainments had been made by a local committee of ladies, headed by Mrs. J. D. Dwight, who was assisted by Mrs. F. N. Kennon, Mrs. G. E. Rich, Mrs. S. S. Moran, Mrs. E. LaGueux and Mrs. J. G. Findlay. They had provided a schedule of sight-seeing and social features that were a delightful side of the visit to Providence.

EDGAR P. EAST,
National Chairman Elect.

The convention was called to order at nine o'clock Wednesday morning, September 2d, in the assembly hall of the Providence Biltmore Hotel, by National Chairman J. H. Aufderheide, of Indianapolis, who introduced the Reverend Frank E. Butler, Assistant Pastor of the Central Congregational Church, of Providence, who pronounced an invocation. After Dr. Butler's prayers Mayor Joseph H. Gainer welcomed the convention to Providence.

Mayor Gainer spoke briefly, but earnestly and to the point. A significant circumstance connected with his appearance before the convention and his indorsement of legalized industrial lending was the fact, as he stated, that he is a director in a Morris Plan bank. After expressing his pleasure in having the convention in Providence and his hope that the members would enjoy their stay in the city, he commended the Association for the good work it had done in raising and maintaining the standard of the business in which its members are engaged. Industrial Lenders who are identified with the Association, he said, are doing business on a high plane and because they are doing so, they are enabled to meet in conventions without any apology. The Uniform Small Loan Law, said the Mayor, was legislation enacted in the interest of the community and was beneficial to a large element in society. Explaining that he is a director of a Morris Plan bank, he said that he realized the limitations for guarantors for applicants of loans, and hence he indorsed the Uniform Small Loan Law and the work of industrial lenders who are of service to a great body of necessitous who are not served either by commercial banks or Morris Plan banks.

Edgar P. East, of Richmond, Virginia, one of the Vice Chairmen of the Association, responded to Mayor Gainer's address, at the same time welcoming the convention to Providence on behalf of the New England States. National Chairman Aufderheide, disclaiming any intention to make an address, expressed the pleasure of the members of the Association at meeting in one of the principal cities of New England and his hope that the convention sessions would be well attended and of profit to those present. He indicated that the convention would be expected to get down to business forthwith by naming Mr. William Young of Philadelphia as sergeant-at-arms, with instructions to clear the corridors and seat the members.

After naming a Nominating Committee, with Mr. L. C. Harbison, of Chicago, as Chairman, the reports of Committee

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NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 807 Grace-American Bldg., Richmond, Va.

Treasurer, C. H. Watts, 135 Broadway, New York City.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—F. H. Lovegrove, 100 Bank St., Bridgeport.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.

Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—C. S. Beatty, 262 Washington St., Boston.

Mich.—H. D. Firth, 209 Kalamazoo National Bank Bldg., Kalamazoo.

N. H.—D. J. Cote, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Va.—E. P. East, 807 Grace-American Bldg., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—C. H. Watts, 135 Broadway, New York City.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Chairmen, were called for. The report of the membership Committe, read by the Chairman, Mr. George Hodson, of New York, was the first to be submitted. Committees on Legislation, Law, Publicity and Finance, and the reports of the National Treasurer and Auditing Committee, National Secretary and Special Committees followed. The reports will appear in detail in the 1925 Year Book.

Upon the completion of the reading of reports the morning session was adjourned, while those in attendance at the convention went to the City Hall nearby, from the steps of which a group photograph was taken. During the morning session many of the ladies were taken for a tour of the shopping and residence sections of Providence.

A luncheon was held at half past twelve in the grand ballroom of the Biltmore, at which 208 were seated. Arthur L. Wick, of Philadelphia, who is quite as well known in Providence as in his home town, presided at the luncheon and at its conclusion introduced Mr. Richard B. Watrous, General Secretary of the Providence Chamber of Commerce, the only speaker at the luncheon. Mr. Wick in his brief introductory talk referred appreciatively to the support given by the Providence Chamber of Commerce to the bill providing for the Uniform Small Loan Law which was enacted two years ago in Rhode Island. He gave much of the credit for this support, as well as for the enactment of the statute, to the efforts of Mr. Watrous, at the same time paying a graceful tribute to Mr. Watrous for his public spirit.

Mr. Watrous prefaced his remarks by a reference to the address delivered in the morning by Mayor Gainer who, he said, had made a contribution of meritorious public service to Providence, especially commending his work in reducing the tax rate in Providence. On behalf of the Chamber of Commerce, he supplemented Mayor Gainer's greetings of welcome to the visiting lenders. Referring to Mr. Wick's remarks in appreciation of of the services of the Chamber of Commerce in bringing about the enactment of the Small Loan Law by the Legislature of 1923, he said that the Chamber had indorsed the law and lent its support to efforts to have it adopted in Rhode Island only after a careful investigation.

The determining factor in inducing the Chamber to support this law, he said, was that the lenders themselves were united and insistent upon the passage of a law which would subject their business to strict supervision by the State. This circumstance, he declared, had convinced the directors that the business of industrial lending as legalized must be beneficial in its nature. Recalling the days during which the bill was pending in the Legislature, he said that when he appeared at a legislative hearing on the bill one of the committee members had asked him whether he appeared at the hearing on his own initiative or whether he had done so at the direction of his board of directors, and he had replied that he had done so on instructions from his directors. At that time he did not believe that the bill had a chance of passage because of the abnormal situation prevailing in that session of the Legislature, when legislation generally was obstructed by filibustering. That the bill was enacted in these extraordinary circumstances, he said, was due largely to the quiet, effective and persevering efforts of Arthur Wick, who was always on the job always tactful, sincere and convincing, and whose knowledge of the proposed law and whose convincing arguments for it had enlisted the support of civic organizations, leaders of thought in the community and the lenders themselves.

Mr. Watrous emphasized the value of trade and business organizations in keeping before their members an ideal of the dignity of their business, and counselled the lenders to keep this ideal ever before them. Industrial lending, he said, was a lawful business of service and there was a special obligation upon the national Association and its members to maintain it as such. In closing, he said that it was to the credit of industrial lenders that they had asked, and were asking, for regulation of their business by law. He described lenders as diagnosticians of the financial ills of those who sought their services and said they should strive to acquire the wisdom to decide the proper course to be followed in their dealings with prospective borrowers, Mr. Watrous advised both individual lenders and associations of lenders to affiliate with their local Chambers of Commerce.

At the opening of the afternoon session Mr. Harbison, reporting on the project for a joint meeting with the National Federation of Remedial Loan Associations in 1926, moved that the annual convention of the American Industrial Lenders' Association next year be held in June on a date to be fixed by the Executive Committee. Mr. Kehr, disavowing any wish to throw cold water upon the suggestion, expressed the belief that to hold the convention so early in the year would not give a sufficient interval after the close of the legislative season to properly prepare for it. Mr. William P. Woll, of Chicago, spoke in favor of Mr. Harbison's motion, saying that he believed a joint meeting had many potentialities for good, that it was therefore worth while making some sacrifices, if they could be so regarded, and that he saw great possibilities of good in having all elements in the loan business working together. After some discussion Mr. Harbison's motion was carried.

At this point Chairman Aufderheide called the attention of those present to a large cluster of flowers which had been sent to the speakers' table with the compliments of the Convention Bureau of Indianapolis, and upon motion the secretary was instructed to acknowledge the courtesy with the thanks of the convention.

In the absence of Mr. Walter S. Hilborn, Acting Director, Division of Remedial Loans, Russell Sage Foundation, New York City, who telegraphed that he was unavoidably prevented from attending the convention, his address on "The Year's Progress and the Uniform Law" was read by National Secretary Kehr. Mr. Hilborn's address will appear in full in the Year Book.

After the reading of Mr. Hilborn's address, Chairman Aufderheide requested Dr. Louis N. Robinson, who has been directing the comprehensive survey of the small loan business inaugurated several years ago by the Russell Sage Foundation, to give some informal information about the progress of the survey. Dr. Robinson replied that the survey was practically completed, there remaining only some minor alterations to be made upon parts of it. The printing of the survey, he said, is already under way and he expected copies to be off the press by about the first of next December. In answer to questions, Dr. Robinson said that the survey would be published in parts and that they would be sold at a price to be fixed between now and the time of publication.

Mr. R. C. Aufderheide, of Indianapolis, then delivered an address on "Why the West Virginia Legislative Compaign Succeeded," his remarks being very well received but limited space prevents further elaboration here. The Year Book will publish his address in full.

Mr. Withrow, of Charleston, West Virginia, at the close of the address, warmly commended the campaign in West Virginia, in particular praising the part Mr. Aufderheide and the national Association had taken in it. He said that he foresaw as a result of the law much good o individual lenders and borrowers in West Virginia, and to the business of ndustrial lending as a whole. Since the enactment of the law, he said, the number of licensees in the State had jumped from a nucleus of 13 to 20.

Mr. Aufderheide's report created a most favorable impression upon the convention and a vote of thanks for his work in West Virginia, proposed by Mr. Kehr, was carried with a resounding chorus of "ayes." Upon motion of Mr. Harbion, seconded by Mr. Woll, the convention with an equally hearty will voted to award a gold medal to Mr. Aufderheide for his work. While the vote was being put, Chairman Aufderheide, father of the recipient of the honor, surrendered the Chair temporarily to Secretary Kehr.

Mr. B. E. Henderson, of Chicago, in peaking on the subject, "How the Michigan Law was Squared with the Uniform Law," said: In short it was an uphill fight but by united coöperation it nded in success.

When Mr. Henderson had finished peaking, Mr. R. C. Aufderheide arose nd stated his unwillingness to accept the gold medal voted him unless one also was awarded to Mr. Henderson for his xcellent work in Michigan, but Mr. Henderson laughingly refused the crown, uggesting that the convention instead hould vote an award of "A sleeping owder to anyone who engaged in a legislative campaign, for that is what they re most in need of after such strenuous work."

Mr. Leon Henderson, the newly appointed Associate Director of the Diviion of Remedial Loans of the Russell Sage Foundation, was then introduced to the convention by Chairman Aufdereide, and at the outset of his remarks stablished an entente by addressing those resent as "future associates." Mr. Henderson humorously referred to his rior acquaintance with Mr. Kehr and Dr. Robinson, and spoke of the many spects of credit which, he said, could ot be put into one room, with the door lammed upon it, but is an ever present ubject for new study. His experience in budget and personnel work, he stated, ad convinced him that there was an ever rowing tendency to demand certain nowledge about a subject and in any tudy of that subject to discard theory nd emotion. He stated it as his opinion hat the value of the coöperation of the Russell Sage Foundation with industrial ending was in the maintenance of the work initiated by the hardy pioneers for he rehabilitation of the business. In the evelopment of lending as a useful servce there was a need for a living body of statistics dealing with it and a standard practice, he said, and he promised to make this his especial field of endeavor. He spoke in appreciation of the wholehearted coöperation given to Dr. Robinson by the American Industrial Lenders, adding that while he had not yet won his spurs, he hoped to do so and thus earn an equal measure of support from the Association.

Dr. Robinson at the close of Mr. Henderson's remarks said that the latter's appointment to his present position with the Russell Sage Foundation was in part the result of Mr. Henderson's excellent work in connection with the survey of lending just completed. Dr. Mueller also congratulated Mr. Henderson upon the cordial tone of his remarks, the keynote of which was his greeting to lenders as "future associates," and declared that the Association was indebted to the Russell Sage Foundation for selecting a man of Mr. Henderson's training and background of scholarship and for supplying him with aid in his work. Dr. Mueller then offered a resolution pledging the coöperation of the Association with Mr. Henderson, which was seconded by Mr. Harbison and unanimously carried. The resolutions follow:

Be it Resolved, By the American Industrial Lenders Association and the several members thereof in convention assembled:

First, That a hearty welcome be extended to Mr. Leon Henderson, the new Associate Director of the Division of Remedial Loans of the Russell Sage Foundation and our appreciation of his presence and his remarks to the Convention be recorded;

Second, That the Russell Sage Foundation be notified of our appreciation of their renewed and active interest in the field of small loans as evidenced by the appointment of Mr. Henderson and that we pledge our whole-hearted support and coöperation to the Foundation and Mr. Henderson in all things;

Third, That this Association and each State Association and all the several members thereof do hereby unequivocally endorse the Russell Sage Foundation's Uniform Small Loan Law in its present form and each and every provision thereof and do pledge themselves individually and as organizations to obey the letter and spirit of every small loan law in force approved by the Foundation and to do everything within our power to uphold and enforce such laws and all similar laws hereafter enacted and every part and provision thereof.

Chairman Aufderheide in declaring the resolutions carried said that he believed Mr. Henderson would prove to be a worthy successor to Mr. Arthur H. Ham.

Mr. Charles H. Watts, of New York, who was called upon for a report of the successful campaign in Tennessee this year for the enactment of the Uniform Small Loan Law, explained the inhibition in the constitution of that state against charging an interest rate of more than 10 per cent a year. To obviate a recourse to a constitutional amendment, the framers of the law just recently declared enacted had made the bill to read providing for an interest rate of ½ per cent a month on small loans, with fees of 3 per cent a month. The bill was passed by the Legislature of Tennessee, but it is reported that the salary purchasers in that State opposed it before the Governor, who vetoed it. The Governor, however, had overlooked the fact that the law requires that any veto to be effective must be returned within a certain time after the passage of the law enacted, and the Supreme Court of the State, to which the case was referred, had decided that the Governor's disapproval of the bill was not signed within the legal time limit and that therefore the law stood on the statute books of the State. Mr. Watts explained that the Supreme Court had not considered or passed upon the Constitutionality of the law itself, but solely upon the question whether its enactment by the Legislature stood.

Mr. Sam Burnley, Deputy Chief Examiner of the Virginia State Banking Division, delivered a greeting from Chief Examiner Bristol and in an eloquent address spoke of the healing of the sectional wounds in the North and South and the greatness of his native state of Virginia. Mr. Burnley's address will be published in full in the Year Book.

After Mr. Burnley's address, Mr. S. M. Edwards of Providence extended a formal invitation to the Association to hold the annual convention in 1926 in Philadelphia which next year will celebrate the 150th anniversary of the signing of the Declaration of Independence by holding a Sesquicentennial International Exposition.

"The Value of Uniform Papers" was discussed by Mr. L. E. Pope of Richmond, Virginia, in a paper which will be published in the Year Book.

Fred B. Snite, of Chicago, followed Mr. Pope with an address on "The Loan Business as a Vocation." More good material for the Year Book.

After the reading of papers by several members of the contestants in the prize contests, descriptive of the "Hardest Collection I ever made," the session was adjourned until Thursday morning, and members and guests of the convention were free to follow their own inclinations as to spending the after-dinner hours. Many of them elected to go sight-seeing, and there were many reunions of old friends in the dining rooms and foyers of the hotel.

Immediately upon convening of the morning session, Thursday the Nominating Committee met, while the regular schedule of the convention was followed, the first event being the report by Mr. Arthur L. Wick, of Philadelphia, on the work of the Retail Merchants' Bureau Committee, of which he is chairman. Mr. Wick's report will be published in the Year Book.

"Converting Liabilities into Assets," was the subject of an address by Mr. David J. Woodlock, of St. Louis, Secretary-Treasurer of the Retail Credit Men's National Association. Mr. Woodlock's address will be published in the Year Book.

Further insight into the growing realization of practical efforts to build up relations between lenders and retail credit men was given in an address by J. F. Burwell, Secretary-Treasurer of the Dayton Industrial Lenders' Association, in which he described "The Genesis and Relationship" of the Dayton Association to the credit bureau and borrower. Mr. Burwell's address will be published in the Year Book.

Discussion of Mr. Burwell's address elicited from Mr. Badger of Newark the opinion that from 50 to 75 per cent of money loaned by industrial lenders goes to release the frozen credits of retail merchants, and Mr. O'Brien, of New Haven, in urging the value of a working alliance of lenders and credit men spoke in commendation of the coöperation given lenders of his city by the New Haven Retail Credit Men's Association and of its value to both lenders and merchants.

In his address on "Relations Between Headquarters and the Field Men," C. H. Hood, of Baltimore, Chairman of the Maryland Association urged greater freedom for the managers of chain organizations. His address will be published in the Year Book.

"The Bone of Discontention" was wittily identified by Mr. Charles J. Bernstein of Bangor, Maine, in an address which was frequently interrupted by the appreciation of laughter of his hearers. Mr. Bernstein's address will appear in the Year Book.

The report of the Nominating Committee was read by Mr. Harbison, its chairman, immediately upon the calling to order of the afternoon session. The Committee reported the following nominations: National Chairman, E. P. East, Richmond, Va.; National Treasurer C. H. Watts, New York City; National Secretary G. W. Kehr, Harrisburg, Pa., Chairman of Standing Committees, Auditing, H. T. Mattingly, Baltimore; Finance, W. P. Woll, Chicago.

Law, F. R. Hubachek, Minneapolis; Legislation, L. C. Harbisson, Chicago; Membership, T. J. Harrison, Waterloo, Ia.; Publicity, L. K. Osborne, Columbus, O.

Before the convention acted upon the nominations, Mr. Harbison suggested that the Nominating Committee's report be not regarded as final or closing the nominations for offices, and also proposed that the personnel of the Executive Committee be increased from seven to nine members. Mr. Walter Herron of Philadelphia, advocating the creation of a strong minority in the Executive Committee, recommended that it have a representation of one member from each state. Chairman Aufderheide, while agreeing that this might be desirable, pointed out that to increase the membership of the Executive Committee would require a change in the Constitution which fixes the number of members of the committee, and that the Constitution of the Association required that a ten days' notice of any proposed change in the Constitution must precede balloting on the proposal, which would effectively prevent any change at the present meeting. Mr. Herron, contending that representation on the National Council means nothing, advocated a suspension of the by-laws. Secretary Kehr suggested that the desired reform could be accomplished by a reference of all matters of importance to the National Council for ratification, Mr. Woll, asking who would decide what constitute matters of importance, declared that he was against increasing the number of members of the Executive Committee, that to do so would tend to make it unwieldy.

Mr. Herron, pressing his suggestion for an increase in the membership of the Committee, said that at present some states are without direct representation on the Committee, citing as an instance that Secretary Kehr, of Harrisburg, a member of the Executive Committee, being a national officer could not be considered as directly representing Pennsylvania on the committee.

Mr. Watts replied that Mr. Kehr, in addition to being a national officer of the Association, was an independent lender himself and represented independent lenders on the Committee. As instances where members of the Executive Committee were not chain lenders, he cited the names of Mr. Osborne of Ohio and Mr. Harrison of Iowa, both independent lenders. The Executive Committee, said Mr. Watts, is at the beck and call of the Russell Sage Foundation and of the State Associations, and its membership should be increased. He suggested that independent lenders should caucus for their selection of members of the Committee, around which "there was not and should not be a wall of Jericho."

Mr. R. F. Hartz of Indianapolis, supporting Mr. Watts' assertion that selection of the personnel of the Executive Committee is not confined to chain lenders, referred to his own selection by the nominating committees of the two prior national conventions as Chairman of the Committee on publicity, which selection had come, he said, out of a clear sky. Mr. Hartz added that he was an independent lender.

Mr. Young of Philadelphia moved that the personnel of the Executive Committee be increased to eleven members instead of nine, and that the National Secretary be instructed to submit the proposal for the constitutional amendment for action next year. Mr. Herron, stating that he was content to accept the nominating committee's report as submitted and have the committee increased next year, seconded the motion, which was carried.

JOHN H. AUFDERHEIDE,
Retiring National Chairman.

The report of the Nominating Committee was then adopted and on motion the secretary cast the ballot of the convention for the officers named, who were declared elected. Upon motion a rising vote of thanks was accorded to the retiring officers, and the newly elected National Chairman Mr. East, was escorted to the presiding officer's chair, where the retiring chairman, Mr. Aufderheide, introduced him to the convention, expressing the hope that members would accord him the same measure of support and coöperation that he had received from him in his administration.

Mr. H. T. Mattingly of Baltimore on behalf of the Maryland Association, greeted the incoming Chairman and pledged to him the loyalty and support of his State Association.

Mr. East in acknowledging the honor bestowed upon him in his election, asked the full support and confidence of the members of the Association for himself and the other newly elected officers, pledging to give the best that is in him at any time and anywhere in his administration of the Association's affairs. He expressed the hope that next year's convention would prove as successful as the present and said that it was an honor to be chosen to succeed a man of the able character of Mr. Aufderheide. He pledged his support to every officer of the Association in every right undertaking.

Mr. Watts then presented a handsome gold watch to Mr. Aufderheide on behalf of the Association, in a few words praising the high character of his services to the Association. It was a joy, said Mr. Watts, to have served under Mr. Aufderheide, who was always well up in the front to do his job and for whose efficient work in that job lenders had much to be thankful.

Mr. Aufderheide, who was unmistakeably surprised by the gift and moved by Mr. Watts' tribute, said that he would not attempt to do more than simply thank his fellow members for their generous remembrance of him, adding that "the Aufderheides seem to be getting more than their share of the honors to-day."

At the suggestion of the law committee the following resolutions were adopted:

WHEREAS, The field of law involved in the small loan business, is a special one which is sometimes not thoroughly understood by lawyers in general practice, and

WHEREAS, Issues involving the validity or construction of approved small loan laws may be raised in cases otherwise of minor importance and such cases may result in erroneous decisions which are damaging to the small loan business generally unless the lawyers connected with the case are specially prepared in this branch of the law, and

WHEREAS, Eternal vigilance and faithful coöperation are necessary for the protection of our business in this respect as in all others,

Now therefore, be it *Resolved:*

1. That every member be and he hereby is urged to promptly report, in such detail as he is able, to the National Secretary all litigation with which he is connected or of which he may hear involving or likely to involve, the validity or construction of an approved small loan statute or considerations of general interest to the small loan business, including in such report the names of the plaintiffs and defendants, and their respective attorneys and also the name of the court and copies of the pleadings when obtainable.

2. Every member is urged, before starting any litigation affecting or likely to affect the small loan business generally to similarly report to the National Secretary.

3. The National Secretary shall, upon receipt of any such report, promptly bring it to the attention of the president or chairman of the State Association, where the litigation is pending or contemplated, and also to the attention of such additional person or persons as, in his discretion, shall be advisable, having in mind the locality, the parties to the suit and the nature of the proceedings reported.

The afternoon program of addresses was started by the address of W. R.

Hancock, of Indianapolis, on "Why the National Organization?", which will be published in the Year Book.

The Georgia publicity campaign was the subject of the next address, by E. M. Steinle, of Atlanta, secretary of the Georgia Association, whose interesting address will appear in the Year Book.

Mr. Tillou von Nunes, of Atlanta, who was on the program to discuss "The Relations of Legal Principles to the Economic Conditions of Industrial Small Loans," was unable to attend the convention, and his address was not presented. Mr. P. B. Reeves, of Pittsburgh, Chairman of the Pennsylvania Association, was detained in California and his address on "Limitations of Industrial Loan Service," was read by Mr. Herron. Mr. Reeves' address will appear in the Year Book.

When the question of the selection of a city for the convention in 1926 was taken up as the last order of business before the convention, it was found that there were seven cities in the field for this honor: Cincinnati, Cleveland, Ohio; Chicago, Indianapolis, Philadelphia, Niagara Falls, Richmond, Virginia.

Mr. Snyder, President of the Cleveland Industrial Lenders' Association, formally invited the Association to hold its 1926 convention in Cleveland, stating that letters of invitation had also been sent by the Mayor of Cleveland, the President of the Cleveland Chamber of Commerce and the Presidents of the Cleveland and Ohio Industrial Lenders' Association.

Secretary Kehr read formal invitations from Chicago, Niagara Falls, Indianapolis, Cleveland, and Cincinnati, after which Mr. Burnette of Richmond invited the Association to meet in the Virginia city. Mr. Hancock said that Indianapolis desired the convention, but that he would not press the invitation in view of the fact that Cleveland was bent upon obtaining it. Mr. Hartz moved that the 1926 convention be held in Cleveland and the motion was carried.

At the request of the Chair, Mr. Henderson of Chicago told of a phase of a publicity campaign in that city undertaken by the Division of Industrial Lenders in the Chicago Association of Commerce. By assessing members of the division, Mr. Henderson related, $1,500 was raised for a series of advertisements in *Chicago Commerce,* published by the Association of Commerce. It was believed that the advertisements would be of value because of the contact of lenders with the Association. The only direct result of the advertisement that he could name, he said, was a letter received by publishers from an officer of the American Bank Note Company, criticizing the advertisement and the publication for accepting and running it. At this point, he said, Mr. Napier of Chicago, was requested to answer the objector, and Mr. Henderson requested Mr. Napier to take up the narrative.

Mr. Napier told how he had telephoned the vice president of the American Bank-Note Company asking for an interview which was granted. Equipped with documents, Mr. Napier called at the office of the objecting officer, and upon being admitted to his presence, he introduced himself and began the conference with the question, "What's the matter with the small loan business?"

"What isn't the matter?" the officer asked in turn.

Mr. Napier then explained to him the provisions of the law regulating the business and the rate of interest fixed by it. This rate, he admitted to the officer, was high, but not excessive. The objecting officer saw the distinction and said that the point was well taken. Mr. Napier then recounted the support and indorsement given to legitimate industrial lending by many economists, sociologists and students of social welfare of distinguished character and reputation throughout the country, and added that this seemed to impress the officer who at the close of the conference bade him good-bye with several degrees more cordiality than he had greeted him at his entrance into his office.

The next day, Mr. Napier continued, he received from this officer a copy of a letter he had written to the publishers of *Chicago Commerce* in which he expressed his regret that he had criticized the lenders' advertisement and hoped that his objection to it would be disregarded.

Mr. A. R. Snite, president of the Illinois Industrial Lenders' Association, then took the floor and after referring to the pleasure that those attending the convention had experienced in Providence and the cordiality of the hospitality extended to them by the people of Rhode Island, suggested that the members of the Association then present at the convention individually aid in the relief of the families of the victims of the Steamer Mackinac disaster at Newport several weeks before. These families, he said, were nearly all of the wage earner class and sorely needed the aid of those better off in worldly possessions, and Mr. Snite asked that tellers be named to go about in the convention hall and pass the hat for whatever contributions those present felt they could make toward the relief fund.

Chairman East appointed tellers who passed about the hall and within less than three minutes returned with their hats crammed with bills, which when counted amounted to $227, which was sent to the Providence Chamber of Commerce to be applied to the relief fund conducted by that body.

Upon motion by Dr. Mueller a rising vote of thanks to the retiring and present officers of the Association and all the local committees in charge was extended by the convention. Dr. Mueller also offered a motion instructing the National Secretary to send a telegram to Mr. W. G. Wood, former National Chairman of the Association, who is ill in North Carolina, expressing the regret of the convention at his illness and the earnest hope for his speedy recovery. The session then adjourned until the annual dinner of the Association at half past six that evening.

When the members and guests of the Association sat down to dinner in the evening the large ball room of the Biltmore was crowded with tables at which every place was occupied. The local committee had provided an excellent menu and while dinner was being served music was provided by the Honolulu Four, and Eva and Anna McMahon, harmony singers, who weaved in and out between the tables as they sang, and even invaded the speakers' dais. After service of dinner had been completed, handsome necklaces were distributed as favors to every lady present.

Tate J. Harrison of Waterloo, Iowa, was toastmaster, and by unanimous agreement he was a complete and unqualified success in the role. Mr. Harrison's unfailing and expansive good humor, which is so marked a characteristic in his everyday life, did not fail him in functioning as the presiding officer of the dinner and was evoked with such good effect that his task of introducing speakers on serious subjects and filling in the intervals between speeches with humorous comment was as enjoyable to the diners as it apparently was to Mr. Harrison.

The first after-dinner speaker of the evening, Mr. Charles P. Sisson, Attorney General of Rhode Island, was introduced by Mr. Harrison after several good natured and facetious remarks upon politicians, and lawyers, and in particular, one lawyer who dreamed he died and applied for admission within the pearly gates, but was denied admittance by St. Peter on the ground that he was a lawyer. The dreamer objected that he should not be denied, because he could look within the gates of Paradise and see a deceased friend who in life had been a lawyer. The guardian of the gates looking at the heavenly inmate indicated by the applicant for admission, replied that the inmate was no lawyer but had only thought himself one.

Mr. Sisson in his opening remarks showed himself to be in the spirit of the occasion and neatly countered the toastmaster's badinage by some of his own at Mr. Harrison's expense. Launching into his subject, he spoke earnestly and eloquently upon personal responsibility, with special application to the responsibility of parents toward their children, and finally applied this sense of responsibility to those in the business of industrial lending. Mr. Sisson's address, which visibly impressed his hearers by its vigor and earnestness, will appear in the Year Book.

Following Attorney General Sisson, Mr. Howard Bryant of Baltimore was called upon and in an interesting talk delivered without notes, he told of the evolution of industrial lending from the low plane of twenty years ago, before the era of progressive legislation, to its present status of a legitimate and beneficial business of necessary and valuable service to a great proportion of the public. Mr. Bryant's address will appear in the Year Book.

Dr. A. D. Martin, pastor of the Presbyterian Church of Central Falls, Rhode Island, the last of the after-dinner speakers, greatly amused his hearers by relating several anecdotes illustrative of Scotch thrift and canniness, the clergyman's powers as a reconteur being greatly aided by his own Scotch accent. Dr. Martin expressed his sense of edification as a clergyman at the serious and helpful nature of the addresses delivered by the two speakers who preceded him, and made a plea for faith as against an attitude of agnostic criticism. Dr. Martin's address will appear in the Year Book.

After the program of speeches the ball room was cleared for dancing and to the music of a splendid orchestra the ball room was given over to this recreation until one o'clock Friday morning. Between the dances Baby Edna Sedgwick, of Providence, gave exhibitions of novelty dancing in costume.

Friday had been set apart by the Rhode Island hosts as Newport Day, and busses had been chartered to take the visitors for the drive to Newport, where an elaborate program for their entertainment had been arranged. Friday proved to be one of the wettest days in the annals of Rhode Island, but despite the pouring rain and every visible indication of an uninterrupted downpour for the rest of the day, about

250 passengers embarked for the trip that morning.

True to indications, the weather instead of improving became steadily worse as the day wore on and when the visitors arrived at Newport Beach about noon they disembarked under the protection of umbrellas for the few short steps from the busses to the shelter of the casino.

Mr. G. F. Lewis, of Newport, had arranged a program which completely filled the day, beginning at eleven o'clock when the visitors were scheduled to arrive in Newport. Due to the storm, the busses did not arrive until nearly noon and the trip around Ocean Drive, scheduled to occupy from eleven to twelve o'clock, was called off. Instead the visitors were ushered without delay into the dining hall of the casino where a most enjoyable shore luncheon was served. As the rain continued unabated during the luncheon and after it, hurried arrangements were made for the engagement of an orchestra to provide music for dancing which many elected to do, although others decided to brave the rain and take busses for a sight-seeing tour of the points of interest in Newport.

The culminating event of the day was the clambake in the beach dining hall at five o'clock. Everybody present had heard of the wide spread fame of a Rhode Island clambake, and after first hand experience with this gustatory triumph they were convinced that its claims to glory are well founded. Preceding the dinner, Mr. East introduced Mayor Mortimer A. Sullivan of Newport, who extended a cordial welcome to the visitors and apologized for the brand of weather that Newport had provided for the occasion, at the same time reminding them that "it is always fair weather when good fellows get together." Mayor Sullivan enumerated the historical and other attractions of Newport, which he hoped the visitors had seen and enjoyed, and again expressed his pleasure at the opportunity to welcome to the city these citizens of other States.

After the dinner, Mr. East called upon Mr. Walter C. Campbell of the Newport Chamber of Commerce and Mr. Harry A. Titus, of Newport. Mr. Campbell spoke very briefly, adding on behalf of the Chamber to the welcome extended by the Mayor. Mr. Titus spoke at more length, commending the American Industrial Lenders Association for its work in fostering a system of industrial lending by which men and women of small means are enabled to borrow on reasonable terms and are not forced in their necessities to submit to the exactions of unscrupulous lenders.

During the dinner an orchestra had furnished enlivening music and after the dinner a special hour in the dance hall was obtained and here a large number of the diners repaired to while away the time until the hour scheduled for the return to Providence. The return trip began at nine o'clock and by eleven the visitors arrived at the Biltmore hotel, ending a very rainy, but on the whole enjoyable day.

Many of those attending the convention left Providence Friday night or early Saturday morning for their homes or visits to other points in New England and the East. A goodly number of the visitors to Providence had motored there and many of them used the opportunity to visit places and scenes in New England famous in American history.

The silver trophy for the best percentage attendance at the convention was awarded to Rhode Island, with a record of 77 per cent. Connecticut was second with 65 per cent of its members registered. Maine third with 60 per cent.

The roster of those registered at convention headquarters in the Providence Biltmore Hotel follows:

F. W. Hawkinson, Beneficial Loan Society, Meriden, Conn.; F. N. Plummer, Beneficial Loan Society, Bristol, Conn.; F. W. Pape, Beneficial Loan Society, Norwalk, Conn.; Mrs. F. W. Pape, South Norwalk, Conn.; Edward L. Sterry, Beneficial Loan Society, New London, Conn.; Mrs. E. L. Sterry, New London, Conn.; R. H. Sheridan, Beneficial Loan Society, Hartford, Conn.; F. C. O'Brien, National Equitable Investment Co., New Haven, Conn.; Alex Murchie, Beneficial Loan Society, Bridgeport, Conn.; L. W. Merritt, Beneficial Loan Society, New Haven, Conn.; D. W. McGray, Beneficial Loan Society, New Britain, Conn.; H. G. McMullin, Equitable Industrial Loan Society, Hartford, Conn.; F. H. Lovegrove, Mutual System Co., Bridegport, Conn.; James F. Farrell, Beneficial Loan Society, Ansonia, Conn.; Mrs. J. F. Farrell, Ansonia, Conn.; J. A. Brannan, Beneficial Loan Society, Stamford, Conn.; Mrs. J. A. Brannan, Stamford, Conn.; E. M. Steimle, Citizens Loan Co., Atlanta, Ga.; A. G. Madison, The Master Loan Service, Inc., Atlanta, Ga.; Mrs. A. B. Madison, Atlanta, Ga.; W. P. Woll, American Loan Co., Chicago, Ill.; Albert J. T. Woll, Chicago, Ill., Albert P. Snite, Imperial Credit Co., Chicago, Ill.; Mrs. A. P. Snite, Chicago, Ill.; John H. Sanderson, Commercial Guaranty Co., Chicago, Ill.; Mrs. J. H. Sanderson, Chicago, Ill.; Jackie Sanderson, Chicago, Ill.; Fred B. Snite, Local Loan Co., Chicago, Ill.; Charles R. Napier, Chicago, Ill., C. McCurdy, Bratt Loan Co., Chicago, Ill.; Mrs. C. McCurdy, Chicago, Ill.; J. A. Macbeth, Household Finance Corp., Chicago, Ill.; William I. Marsh, Chicago, Ill.; James D. Lynch, Chicago-Household Loan Co., Chicago, Ill.; B. E. Henderson, Household Finance Corporation, Chicago, Ill., Mrs. B. E. Henderson, Chicago, Ill.; L. C. Harbison, Household Finance Corporation, Chicago, Ill.; Mrs. L. C. Harbison, Chicago, Ill.; P. J. Flynn, Beneficial Loan Society, Chicago, Ill.; Harry L. Drake, Drake Loan Co., Chicago, Ill.; A. R. Dana, Household Finance Corporation, Chicago, Ill.; Howard Brown, American Loan Co., Chicago, Ill.; Hon. J. S. Baldwin, Decatur, Ill.; Mrs. J. S. Baldwin, Decatur, Ill.; Miss Virginia Baldwin, Decatur, Ill.; D. R. Reynolds, Indiana Collateral Loan Co., Indianapolis, Ind.; W. A. Zumpfe, Indianapolis, Ind.; F. E. Jarvis, Knox Real Estate & Loan Co., Vincennes, Ind.; Mrs. Watson, Vincennes, Ind.; Hon. Elmer Johnson, Indianapolis, Ind.; Mrs. Elmer Johnson, Indianapolis, Ind.; Roy F. Hartz, American Loan Co., Indianapolis, Ind.; Mrs. Roy F. Hartz, Indianapolis, Ind.; W. R. Hancock, Model Loan Co., Indianapolis, Ind.; W. G. Chandler, Indianapolis, Ind.; J. H. Aufderheide, Comonwealth Loan Co., Indianapolis, Ind.; Mrs. J. H. Aufderheide, Indianapolis, Ind.; R. C. Aufderheide, Indianapolis, Ind.; Tate J. Harrison, State Loan Co., Waterloo, Iowa; R. M. Rutherford, Provident Loan Association, Louisville, Ky.; Wesley M. Snow, W. M. Snow & Co., Portland, Maine; Mrs. W. M. Snow, Portland, Me.; Miss Natalie Snow, Portland, Maine; F. M. FitzGibbons, Beneficial Loan Society, Portland, Me.; C. J. Bernstein, Eastern Loan Co., Bangor, Me.; Lee H. Pumphrey, The Master Loan Service, Baltimore, Md.; A. E. Potter, Household Finance Co., Baltimore, Md.; Mrs. A. E. Potter, Baltimore, Md.; Howard T. Mattingly, The Master Loan Service, Baltimore, Md.; H. C. Moore, Household Finance Corporation, Baltimore, Md.; R. H. McLea, Baltimore, Md., Mrs. R. H. McLea, Baltimore, Md.; C. Howard Hood, Industrial Loan Co., Baltimore, Md.; Mrs. C. Howard Hood, Baltimore, Md.; E. E. Hougham, Atlas Loan Society, Baltimore, Md.; Mrs. E. E. Hougham, Baltimore, Md.; C. A. Gardiner, Commercial Service, Baltimore, Md.; J. D. Goldrick, Union Loan Co., Baltimore, Md.; Mrs. J. D. Goldrick, Baltimore, Md.; Howard Bryant, Esq., Baltimore, Md.; Mrs. H. Bryant, Baltimore, Md.; F. J. Aspelmeier, Industrial Loan Co., Baltimore, Md.; Mrs. F. J. Aspelmeier, Baltimore, Md.; F. J. Vandernace, Personal Finance Co., Cambridge, Mass.; D. J. Wholey, American Loan Co., Lowell, Mass.; J. R. Watson, Boston, Mass.; C. C. Rock, Beneficial Loan Society, Boston, Mass.; A. C. Frank, Beneficial Loan Society, Springfield, Mass.; Mrs. L. I. Frank, Springfield, Mass.; Earl E. Davidson, Supervisor of Loan Agencies, Boston, Mass.; F. E. Stroup, Industrial Mortgage & Investment Co., Grand Rapids, Mich.; Mrs. F. E. Stroup, Grand Rapids, Mich.; L. B.. Bettelon, Beneficial Loan Society, Detroit, Mich.; J. J. Bentley, Interstate Collateral Loan Co., Detroit, Mich.; F. B. Hubachek, Esq., Minneapolis, Minn.; A. J. Simonson, Household Finance Corporation, Newark, N. J.; Mrs. A. J. Simonson, Newark, N. J.; H. C. Schmutz, Gibraltar Loan Society, Newark, N. J.; N. R. Matthews, Beneficial Loan Society, Elizabeth, N. J.; E. H. Lambert, Guarantee Loan Co., Camden, N. J.; Miss Lillian L. Leath, Jersey City, N. J.; Robert S. Kreps, Beneficial Loan Society, Jersey City, N. J.; L. W. Kelber, Beneficial Loan Society, Trenton, N. J.; Wm. P. Hansche, Community Finance Service, Newark, N. J.; A. J. Eardensohn, New Jersey Finance Co., Jersey City, N. J.; Mrs. A. J. Eardensohn, Jersey City, N. J.; H. Diosser, Beneficial Loan Society, Patterson, N. J.; Mrs. H. Disser, Paterson, N. J.; D. H. Cameron, Gibraltar Loan Co., Newark, N. J.; G. J. Badger, Newark Cash Credit Co., Jersey City, N. J.; Mrs. G. J. Badger, Jersey City, N. J.; P. L. Alberse, Protective Investment Co., Patterson, N. J.; J. F. Alberse, Berben County Loan Assn., Hackensack, N. J.; Charles H. Watts, Beneficial Loan Society, New York City; H. F. Woods, New York City; Alan K. Dolliver, Beneficial Loan Society, New York City; Mrs. A. K. Dolliver, Baltimore, Md., F. Odone, Beneficial Operating Bureau, New York City; Roy E. Tucker, Beneficial Loan Society, New York City; Mrs. Mabel Tucker, New York City; A. G. Zimmerman, Beneficial Loan Society, New York City; Mrs. A. G. Zimmerman, New York City; Albert Morhart, Beneficial Operating Bureau, New York City; Fred R. Koppen, Beneficial Loan Society, New York City; George Hodson, Beneficial Loan Society, New York City; John T. Hoyle, Beneficial Loan Society, New York City; Frederick Fisher, Beneficial

Loan Society, New York City; Mrs. Frederick Fisher, New York City; G. W. Beckwith, Beneficial Loan Society New York City; R. A. Bell, Money Lenders Technical Institute, New York City; Leon Henderson, Russell Sage Foundation, New York City; Mrs. Leon Henderson, New York City, David J. Woodlock, Retail Credit Men's National Association, St. Louis, Mo.; J. D. Burwell, Dayton Industrial Lenders Assn., Dayton, O.; Clyde C. Woodley, Toledo Collateral Loan Co., Toledo, Ohio; F. J. Schneider, Household Finance Co., Cleveland, O.; Mrs. F. J. Schneider, Cleveland, O.; L. K. Osborne, Capitol Loan Co., Columbus, O.; J. E. North, City Finance Co., Cleveland, O.; Mrs. J. E. North, Cleveland, O.; Albert P. Lykins, Beneficial Loan Society, Cincinnati, O.; C. G. Liggett, Beneficial Operating Bureau, Dayton, O.; G. J. Dirksen, Community Finance Service, Inc., Columbus, Inc., Columbus, O.; W. H. Boullt, Community Finance Service, Cleveland, O.; E. Beyer, Ohio Loan Association, Cincinnati, O.; J. Fred Anderson, Springfield Collateral Loan Co., Springfield, O.; Mrs. J. F. Anderson, Springfield, O.; Betty Anderson, Springfield, O.; Arthur L. Wick, Household Finance Corporation, Philadelphia, Pa.; Mrs. A. L. Wick, Glenside, Pa..; Robt. S. Wick, Glenside, Pa.; John D. Williams, Community Finance Corp., Philadelphia, Pa.; J. H. Wickstrom, Household Finance Corporation, Philadelphia, Pa.; Mrs. J. H. Wickstrom, Philadelphia, Pa.; William Young, Community Finance Service, Inc., Philadelphia, Pa.; Mrs. Wm. Young, Philadelphia, Pa.; J. J. O'Neill, Household Finance Corp., Allentown, Pa.; Mrs. J. J. O'Neill, Allentown, Pa.; Louis N. Robinson, Russell Sage Foundation, Swarthmore, Pa.; N. L. Noteman, National Loan Society, Philadelphia, Pa.; Mrs. N. L. Noteman, Philadelphia, Pa.; Gladys H. Noteman, Philadelphia, Pa.; V. D. Moss, Guarantee Loan Co., Philadelphia, Pa.; Mrs. V. D. Moss, Philadelphia, Pa.; J. Mahoney, Guarantee Loan Co., Philadelphia, Pa.; C. G. Mueller, Community Finance Service, Inc.; Philadelphia, Pa.; James C. Lewis, Household Finance Corp., Norristown, Pa.; Mrs. J. C. Lewis, Norristown, Pa.; Louise V. Lewis, Norristown, Pa.; G. R. Lobb, Household Finance Corp., Philadelphia, Pa.; Mrs. G. C. Lobb, Philadelphia, Pa.; Mrs. H. W. Lee, Philadelphia, Pa.; Jas. A. Lyons, Guarantee Loan Co., Philadelphia, Pa.; George W. Kehr, National Secretary, Harrisburg, Pa.; E. R. Klein, Beneficial Loan Society, Pittsburgh, Pa.; G. S. Knapp, Community Finance Service, Philadelphia, Pa.; F. G. Hart, Household Finance Corp., Easton, Pa.; Mrs. F. G. Hart, Easton, Pa.; Helen Hart, Easton, Pa.; Martin Hartman, Interstate Collateral Loan Co., Pittsburgh, Pa.; B. L. Holbert, Wayne County Finance Agency, Honesdale, Pa.; Mrs. B. L. Holbert, Honesdale, Pa.; W. S. Herron, Hamilton Loan Society, Philadelphia, Pa.; Mrs. W. S. Herron, Philadelphia, Pa.; P. C. Hess, Beneficial Loan Society, Philadelphia, Pa.; Mrs. P. C. Hess, Philadelphia, Pa.; H. A. Hoelworth, Provident Loan Co., Philadelphia, Pa.; C. Gillen, Arch Loan Association, Philadelphia, Pa.; Mrs. C. Gillen, Philadelphia, Pa.; Ned W. Gibney, Beneficial Loan Society, Altoona, Pa.; M. E. Goldman, Household Finance Corp., Wilkes-Barre, Pa.; Mrs. M. E. Goldman, Wilkes-Barre, Pa.; G. C. Fegley, Lancaster Loan Co., Lancaster, Pa.; Mrs. G. C. Fegley, Lancaster, Pa.; A. S. Ezekiel, Provident Loan Co. of Sharon, Philadelphia, Pa.; Mrs. A. S. Ezekiel, Philadelphia, Pa.; L. F. Eisenhut, Hamilton Loan Society, Chester, Pa.; M. L. Dobyns, Guaranty Loan Co., Philadelphia, Pa.; J. F. Devine, Logan Investment Society, Philadelphia, Pa.; Mrs. J. F. Devine, Philadelphia, Pa.; H. E. Burt, Household Finance Corp., Chester, Pa.; Mrs. H. E. Burt, Chester, Pa.; A. C. Christensen, Beneficial Loan Society, Philadelphia, Pa.; J. G. Bachofer, Household Finance Corp., Reading, Pa.; Mrs. J. G. Bachofer, Reading, Pa.; Marybel Pachofer, Reading, Pa.; Elizabeth Bachofer, Reading, Pa.; Wm. F. Buck, Hamilton Loan Society, Philadelphia, Pa.; Robert Blair, Philadelphia, Pa.; Z. B. Applegate, Guarantee Loan Co., Philadelphia, Pa.; Geo. E. Rich, Mutual Loan Assn., Pawtucket, R. I.; Mrs. G. E. Rich, Pawtucket, R. I.; Harry G. Neal, Chester-Neal Co., Providence, R. I.; Mrs. Harry G. Neal, Auburn, R. I.; Stephen S. Moran, Mutual Finance System, Pawtucket, R. I.; Edward LaGueux, Personal Finance Co., Providence, R. I.; Mrs. E. LaGueux, Pawtucket, R. I.; Geo. F. Lewis, Mutual Service Assn., Newport, R. I.; Frank Kennon, Household Finance Corp., Pawtucket, R. I.; Mrs. Caroline Kennon, Pawtucket, R. I.; J. G. Findlay, Household Finance Corp., Arlington, R. I.; Mrs. J. G. Findlay, Arlington, R. I.; George W. Delaney, Citizens Finance Service Co., Providence, R. I.; A. A. Pomfret, F. Pomfret, National Loan Co., Pawtucket, R. I.; Joseph H. Daley, National Loan Co., Pawtucket, R. I.; James S. Dwight, Cranston, R. I.; Marian G. Dwight, Cranston, R. I.; Harvey H. Dwight, Providence, R. I.; Thomas Cummings, Providence, R. I.; Catherine Cummings, Providence, R. I.; Miss Marion Carroll, Providence, R. I.; L. E. Pope, United Small Loan Association, Richmond, Va.; Mrs. L. E. Pope, Richmond, Va.; Herbert Minor, National Small Loan Society, Norfolk, Va.; Edgar P. East, National Equitable Investment Co., Richmond, Va.; J. Sanford Edge, Home Guarantee Co., Richmond, Va.; W. S. Burnley, State Banking Department, Richmond, Va.; Mrs. W. S. Burnley, Richmond, Va.; E. H. Biel, Citizens Loan Society, Richmond, Va.; J. E. Burnett, Virginia Small Loan Corp., Richmond, Va.; M. Nellie Anderson, Richmond, Va.; F. H. Withrow, Capital Loan & Investment Co., Charleston, W. Va.

REAL ESTATE LOANS

By Clarence Hodson

None of the experienced, successful, well established industrial lending concerns make small loans upon real estate secured by mortgage, deed of trust or conveyance. Their loans are made entirely upon guaranteed notes, or assignment of part of the wages to be earned in the future, or chattel mortgage, or deed of trust on principal articles of household furniture.

Since the anti-loan shark legislation has been enacted in a number of the principal states, a good many persons have been attracted to this field of business under operating conditions that make it especially attractive to them. As a rule they arrange with some young lawyer for the owners and directors to meet one evening a week in his office, at which time most of the loans are granted very much like a building and loan association works. In this way they can do a small business practically without expense, and the gross interest rate charged represents practically the net earning rate of capital employed.

A good many instances are found where these people deal with persons whom they know personally, and they are, therefore, in a position to obtain from them assignment of wages, confessed judgment (in some states), a note with one or two friends as guarantors, a chattel mortgage on stock of merchandise or household furniture, and a second or third mortgage on borrower's equity in his home property.

Moreover, as the atmosphere of such loan concerns is that of the lack of technical rights, with "professional" fees, we have found in a great many cases that failure to meet payments promptly seized as an opportunity for foreclosures, suits and expenses.

Moreover, these parties in various states have found something that was never found in the law before by state licensing officials or money lenders, and that is that in practically none of the states is there anything in the law which says a borrower must accept anticipation of payment and stop interest on such date. Therefore, if the party is able to pay in advance, these people accept the payment but do not stop the interest, and sometimes they have refused to accept the payment saying that the terms of the loan are that certain sums are to be paid at certain times with interest, and they will not waive the interest for that is the way they make their living.

As a rule, cases of this sort reported are people who are not American born and, therefore, are practically not the type of influence that would secure the enactment of any anti-loan shark legislation, but unfortunately they are in a position to cause the repeal of it and that happened in Connecticut where there is an Italian loan concern that has been making second and third mortgage loans, and has been refusing to accept payments in advance of due date. The Bridgeport Chamber of Commerce felt indignant about it, as to the various instances reported to them, and they and their friends had a 2½% a month amendment to the loan law introduced in the legislature, which at the close, slipped through the Senate and then passed the House with an amendment of 3% a month, but was later vetoed by the Governor.

Speaking of anticipating payments, it may be observed that the Arizona law alone makes provision for this. The suggestions made that similar provision be incorporated in the present draft of the uniform small loan law has never been approved by those with power to embody same, but in view of the amendment to the loan law of Connecticut definitely providing that every borrower shall have the right to anticipate payments due in the future, and stop the cost of interest on payment date, indicates that there is a demand for that sort of thing, and the people who violate it are the persons who do nothing to influence the enactment of remedial loan legislation, and yet do much towards its repeal or modification. No reputable money lender ever refused to accept advance payments when offered.

The New Jersey law is like the others which regulate loans of $300 or less, secured or unsecured. It does not say secured by real estate security or not, but it is the policy of the Department since the law was enacted in 1914 to frown upon the rate of interest which money lenders charge on the theory the loan is risky, and then permit them to be secured by real estate mortgage. Therefore, the state examiners of the Department of Banking and Insurance of New Jersey invariably submits to the manager of each loan office examined an affidavit which is required to be signed and sworn to to the effect that no loans have been made upon security or lien upon real estate. Therefore, in New Jersey while the law does not so read, by reason of the administrative policy of the Banking Department, real estate loans are practically forbidden.

Speaking further of anticipating payments, the Russell Sage Foundation in 1923 inserted a provision in the uniform law to this effect, but the Connecticut law had previously been enacted. The West Virginia and Florida laws contain this provision for anticipating payments, but do not provide that loans may not be made upon real estate security. It would seem the time has about arrived for amending the draft with other appropriate changes in the text to make it affective that real estate security cannot be accepted for loans at the maximum interest charges authorized by the small loan law.

MEETING SCHEDULE

PENNSYLVANIA—Meeting of the Pennsylvania Industrial Lenders Association, Pittsburgh, September 24th.

NEW JERSEY—Meeting of the New Jersey Industrial Lenders Association, Camden, October 8th.

WEST VIRGINIA—Meeting of the West Virginia Industrial Lenders Association, Charleston, October 8th.

MARYLAND—Meeting of the Maryland Industrial Lenders Association, Baltimore, October 13th, 7:30 p. m., Board Room, Baltimore Association of Commerce.

MICHIGAN—Meeting of the Michigan Industrial Lenders Association, Kalamazoo, October 15th.

ILLINOIS—Meeting of the Illinois Industrial Lenders Association, Chicago, October 24th.

INDIANA—Semi-annual Convention of the Indiana Industrial Lenders Association, November 5th, Martinsville.

PENNSYLVANIA—Annual Convention of the Pennsylvania Industrial Lenders Association, November 18th, Bellevue-Stratford Hotel, Philadelphia.

YEAR BOOK CORRECTIONS

If you would like to keep your Year Book directory of members up to date, please insert the following new members in their proper place:

Provident Loan Association, 308 Gaylord Bldg., Ashland, Ky.
Personal Finance Company, 179 Summers St., Charleston, W. Va.
Personal Finance Company, 817 Fourth Ave., Huntingdon, W. Va.
Gibraltar Loan Society, 526 Fourth Ave., Louisville, Ky.
Personal Finance Co., 307 Rockford National Bank Bldg., Rockford, Ill.
Personal Finance Co., 14 Lisbon St., Lewiston, Maine.
Commonwealth Loan Co., 300 Murphy Bldg., Highland Park, Detroit, Mich.
Industrial Loan Society, 220 Park Ave., Plainfield, N. J.
Personal Finance Co., 8th and Cherry Sts., Chattanooga, Tenn.
Personal Finance Co., 325 W. Clinton St., Knozville, Tenn.
Personal Finance Co., 325 W. Forsyth St., Jacksonville, Fla.
Citizens Loan Co., 904½ Third Ave., Huntingdon, W. Va.

JOHN J. O'TOOLE, DECEASED

It is with regret that we inform you of the death of John J. O'Toole founder of the New Jersey Loan Company which company was taken over by this corporation in May, 1924.

At the time of Mr. O'Toole's death he was seventy-five years of age. He was one of the best known citizens of Jersey City and died at his home there, No. 407 South Fourth Street late Thursday afternoon, July 30, 1925. He was born in County Waterford, Ireland, and came to New York fifty-five years ago, moving to Jersey City five years later. He retired from active business a year ago retaining membership on our board of directors until June of this year. Funeral services were held Monday morning, August 3 from St. Joseph's Church, Jersey City, N. J.

We pass the above information along to you in order that due publication of the demise of Mr. O'Toole may be given in the INDUSTRIAL LENDERS NEWS.

For your further information, this company is a subsidiary of Collateral Bankers, Inc., New York, N. Y.

W. E. THOMPSON,
Secretary, New Jersey Finance Co.

ANY NEW OFFICES IN YOUR STATE?

State Secretaries who are advised by the State supervising officials of the licensing of new offices, can help the editor to make an interesting article each month if he will report to the National Secretary the names and local addresses of all new licensees. In states where there are no laws and no supervising officials, individual members can report this information to the same office.

It is believed that this information will serve many useful purposes, especially in the matter of locating and collecting skip accounts. The A. I. L. A. Year Book as you know, includes only members of the national organization in good standing. For the purpose of increasing our membership and locating and collecting skip accounts, this information should prove very valuable. Mr. State Secretary, your coöperation and that of other individual members in unorganized territory, is desired.

SOME PROMINENT MEN

You will be pleased to know that our people have sent out 10,000 "Some Prominent Men on the Necessity for Industrial Banking" pamphlets, throughout the United States, and some abroad.

We have endeavored to place them in the hands of the public whose education on this subject will be helpful to the loan business in general.

Our thought is that you might make mention of this in LENDERS NEWS, just so that it might serve as an example to others to go and do likewise.

CHARLES H. WATTS, *President,*
Beneficial Operating Bureau.

A PERSONAL MESSAGE TO EVERY MEMBER OF THE RETAIL CREDIT MEN'S NATIONAL ASSOCIATION FROM VICE PRESIDENT LEOPOLD L. MEYER

The Retail Credit Men's National Association has decided that it's nation-wide Educational and Publicity Campaign shall officially open October 25th. Whereas, the entire program of the Educational Committee has not been arranged, the details of "PAY YOUR BILLS PROMPTLY WEEK" have been worked out and exceptional results are anticipated.

It is planned that in every community in the United States in which there is an organized Retail Credit Men's Local Association or Retail Merchants Association there shall be published in one of the leading newspapers a series of four ads to appear on alternate days beginning with Sunday, October 25th. The same ads shall appear simultaneously in all newspapers. In the larger cities full page ads are contemplated. However, in no instance shall an ad be less than three columns, ten inches. The ads decided upon to be used in this Campaign have been attractively prepared by one of the leading national advertising agencies of the United States. In an effort to make this campaign most successful appeals are being made to the merchants themselves, through ads appearing in the leading trade papers, urging co-operation with the credit men in putting their Campaign across.

It is planned that on the night preceding the appearance of the first newspaper ad of the Campaign, talks will be made over the radio by prominent men throughout the country calling the public's attention to the Campaign and vividly enlarging upon the thought behind the publicity.

A complete circulation of the entire membership of the Association is being undertaken, in orden to insure full co-operation in this publicity and educational undertaking. Placards and posters are to be distributed by the Retail Credit Men's National Association. Inserts and enclosures are being distributed also to accompany all statements mailed out on October 31st.

Whereas, the full details of the Campaign are being planned by the National Association it is of course expected that each Local Association shall pay the expense of the advertising appearing in it's local paper. In this latter respect, the newspapers of the country are being requested to get in touch with the various Local Associations and lend a necessary hand in making the Campaign successful.

LEOPOLD L. MEYER, *Chairman,*
Educational and Publicity Committee.

UNITED STATES CIVIL SERVICE EXAMINATION

The United States Civil Service Commission announces the following open competitive examination:

ASSOCIATE FINANCIAL ECONOMIST

Receipt of applications for associate financial economist will close October 27. The examination is to fill a vacancy in the Section of Statistics, Secretary's Office, Treasury Department, Washington, D. C., and vacancies in positions requiring similar qualifications.

The entrance salary for this position is $3,000 a year. After the probational period of six months required by the civil service act and rules, advancement in pay may be made without change in assignment up to $3,600 a year. Promotion to higher grades may be made in accordance with the civil service rules.

The duties are, under general supervision but with considerable latitude for independent action, to conduct investigations in financial, banking, and other economic subjects.

Competitors will not be required to report for examination at any place, but will be rated on their education and experience, and publications or thesis to be filed with the application.

Full information and application blanks may be obtained from the United States Civil Service Commission, Washington, D. C., or the secretary of the board of U. S. civil service examiners at the post office or customhouse in any city.

COMMUNICATION

Saint Louis, September 17, 1925.

American Industrial Lenders Ass'n.,
204 Chestnut Street,
Harrisburg, Pennsylvania.

GENTLEMEN:—Attention Mr. Geo. W. Kehr.

It may interest you to know that one of the activities of this Association is the promotion of prompt payments and better credits and it has been decided that this year we would conduct an intensive campaign with a view to bringing the necessity of prompt payment home to every seeker of Credit.

Mr. Leopold L. Meyer of Foley Bro. D. G. Company, Houston, Texas, our Vice President was made Chairman of the Committee and he has outlined a plan which contemplates an intensive campaign during the week of October 25th.

It is fully described in the attached memorandum and we would appreciate your running a story or news item regarding this campaign.

We believe that every Retail Merchant in the United States is interested in this problem and therefore we are anxious to have as much publicity as possible and we feel sure it will reflect upon you as well as upon us by featuring this item.

If there are any further particulars which you desire, don't hesitate to call on us.

Yours truly,
D. J. WOODLOCK, *Managing Director.*

THE INSTALMENT SALES LAW

A new Act of the Legislature, which goes into effect to-day, requires registration at the Prothonotary's office of all contracts of instalment or conditional sale, with copies of agreements, within ten days after made, and makes the records public property. It is evidently intended to remove ground for argument and to provide every buyer with a certificated cancellation of contract, when its terms shall have been fulfilled.

The act apparently is broad enough to cover all kinds of goods, household, personal, mercantile and automobiles and railroad equipment. Incidentally, it protects the buyer of goods from anyone who has them under instalment, by obligating the seller to notify the buyer by filing the copy of contract of sale, under penalty of voiding the seller's interest in the goods.

The new law is a complicated affair, with provisions in case of removal of goods, damage to them, malicious injury of them, conditions of resale when instalments are defaulted, and many other conditions. And it defines a conditional sale in such terms that there will very likely be divided opinion, and a lot of lawsuits, over whether disposal of goods by bailment or lease, which is the process usually followed in this State, must be registered under its provisions.

In the absence of a chattel mortgage law, such as exists in most States, Pennsylvania has followed the bailment or leasing plan quite generally.—Philadelphia *Bulletin.*

Sept. 1, 1925.

CONVENTION NEWS

Providence, R. I., Sept. 3.—"Limitation of industrial loan service to certain classes of applicants, based on property qualifications, is bad in morals, doubtful in law, and is poor business policy," declared P. S. Reeves, of Pittsburgh, in an address this afternoon before the convention of the American Industrial Lenders' Association at the Providence Biltmore Hotel.

Mr. Reeves' statement was made in the course of a plea for a broader conception of service to borrowers, in which he said that lending is essentially a business of service, of the total charge for which, according to Professor Ryan of Harvard, only about one-eight is pure interest.

Describing the limitations placed by lenders upon their service. Mr. Reeves said that some extend their loans on various kinds of personal property, while others base their service primarily on the ability and character of the loan applicant. He held that no worthy applicant should be refused credit, whether or not he is able to give property security for the loan.

"It is your duty to take the risks naturally incident to your line of business," he declared. "The law has given you a return for your service that is presumably ample to enable you to take some risk. If you are to demand actual visible security in every case, where is the risk? The more you restrict your service greater will be the cost of operation. If you stand ready to consider all worthy applicants you inevitably lower the cost of new business. The office that is open to all classes of business may show more losses but it will also show less overhead in operation."

Pleading for a finance service "as broad as you can possibly make it and not limited to mere lending of money." Mr. Reeves said that an ideal loan service is one that takes care of all worthy necessitous applicants, but that this ideal had not yet been reached.

The time must come, he said, when all the States must pass legislation similar to the Russell Sage Foundation Small Loan Law, thus permitting small loan service to all the millions of necessitous people throughout the country.

"When that day comes," he concluded, "the old-time high-rate lender will be as extinct as the dodo and his name only a memory."

Providence, R. I., Sept. 3.—Contending that public ignorance regarding any one business is the fault of those engaged in that business, E. M. Steimle, of Atlanta, Georgia, this afternoon before the convention of the American Industrial Lenders' Association described the results of an information campaign in Georgia.

"When the ignorance of the industrial loan business on the part of the credit men and merchants slapped us in the face," he said, "we got busy with our educational publicity campaign, using the three Atlanta papers."

The Georgia Industrial Lenders' Association Mr. Steimle said, concentrated its campaign on the education of credit men and merchants, the State judiciary, the big industrial executives who employ the class of people who borrow and the actual borrowers themselves, as to operations of legitimate lenders and the nature of the supervisory law under which they conduct their business.

As a result of this information campaign, he said, the Southern Conference of the Associated Retail Credit Men at its convention in Atlanta unanimously adopted a resolution favoring the enactment of the Russell Sage Uniform Small Loan Law in every state in the Union, and the following week the Associated Retail Credit Men of Atlanta asked that the membership of the Georgia Industrial Lenders' Association affiliate with them and the National organization, which has been done.

Mr Steimle, said that Georgia lenders had discovered that the State judiciary was not conversant with the methods and principles of legitimate lenders, and was unaware that there was any distinction between their business and that of salary buyers or outlaw lenders. As a result of a campaign in a daily law journal, judges made many inquiries of the State Association's attorney, and Mr. Steimle quoted the Chief Judge of the Atlanta Municipal Court as commending the information campaign for having clarified the situation and drawn the line of distinction between the two classes of lenders, the legitimate and the illegitimate.

Similarly, as a result of efforts to inform industrial heads and the borrowers themselves, a better understanding of the small loan business and the law under which it operates was brought about, Mr. Steimle said, and an appreciation of the difference between legalized lending and outlaw lending had become more general.

Providence, R. I., Sept. 3.—Borrowers were divided into three classes by Charles J. Bernstein of Bangor, Maine, who in a business talk before the American Industrial Lenders' Association convention this morning at the Providence Biltmore Hotel said the three kinds of borrowers are; the man who borrows and pays, the man who borrows and tries to pay, and the man who borrows.

The last class, the man who borrows with the "try and get it" idea, said Mr. Bernstein, was the subject of his discourse, "The Home of Discontention." In particular, he said, "the international and dishonorable brotherhood of Auto Acrobats—so called because they have national or acquired ability to jump through any hole, legal or otherwise—were the fly in the lender's ointment.

"These flivverers must have gas, oil, tires, and parts, no matter to what extremes they go. These disciples of Munchausen can fill out an application for a loan without a visible flaw. They come to you with real tears and a dramatic story of a new baby at their home, which an investigation turns out to be a Baby Paige, commonly called a Jewett."

However, Mr. Bernstein said, loans to automobile borrowers who are responsibly entitled to credit should not be denied, because that would defeat the purpose of the Uniform Small Loan Law to aid legitimate and worthy borrowers, driving them to recourse to extortionate lenders.

The risks involved in this class of loans present a greater hazard than any other, Mr. Bernstein said, for the lender must satisfy himself that the automobile is free from incumbrances, that it is properly insured, and that the owner is engaged in a legitimate business.

"I find that a large class of men," he continued, "who invariably state they want money to clean up some small debts, have an installment due on their cars. The man who says he must pay his taxes does not inform you it is for license plates and state taxes on automobile, and after cross-questioning some applicants will finally admit that the money is needed to buy tires.

"To those of you who are looking for absolutely safe risks on automobiles, I would suggest that you attach a new device—patent pending—to each mortgaged automobile. This is called a return radio, and on the occasion of an unpaid mortgage at maturity a button is touched in the lender's office, whereby the automobile is headed direct to the office automatically, without injury to car or pedestrian on its return."

Providence, R. I., Sept. 3.—Bolsheviks are made by oppression, poor wages, bad living conditions, and most of all by living continually in an unhappy frame of mind, said C. Howard Hood, of Baltimore, in an address this afternoon at the convention of the American Industrial Lenders Association in the Providence Biltmore Hotel.

Mr. Hood's remarks were in the course of his talk on relations that should exist between headquarters and field men, and he added: "Bolshevism is nothing more or less than the result of unhealthy thinking. The happy worker thinks no unhealthy thoughts. The happy loan man will never be a Bolshevik. He will always be a credit to the business, a useful member of society and a good American citizen."

Repression of the employe by his employer, who does not allow him to have a thought of his own, is a short-sighted policy, said Mr. Hood, and is reflected in conduct by the employe which reacts unfavorably upon the entire lending business.

"Any matter that touches vitally upon our business as a whole," Mr. Hood concluded, "is most assuredly of the deepest concern to the business as a whole."

Providence, R. I., Sept. 3.—That the national body of lenders is the custodian of the good repute of the business was the tenor of an address by W. R. Hancock, of Indianapolis, this afternoon at the convention of the American Industrial Lenders' Association at the Providence Biltmore Hotel. Mr. Hancock in reciting the advantages of organization said that the various state banking departments depended upon the Association largely to help police the business and eliminate abuses.

Through the efforts of the Association, he declared, a change in the attitude of the public, as well as of various organizations and the courts, toward the business had been brought about. A well deserved favorable public opinion, he asserted, was vital to the progress and stability of industrial lending, and this could be attained by strict adherence to the "Declaration of Principles" formally adopted by the Association.

Mr. Hancock attributed directly to the Association's influence the development of a better general understanding of the methods and problems of industrial lending, and declared that by joining forces with the Russell Sage Foundation for the enactment of well-considered legislation abuses had been corrected and conditions helpful to borrower and lender alike had been promoted.

Also through organization, he said, industrial lenders had won the confidence and coöperation of business concerns with whom they came in contact, citing particularly the affiliations with the national and local chamber of commerce and credit organization.

Providence, R. I., Sept. 3.—Results of a plan to establish contacts between industrial lenders and credit men, merchants and bankers, whose credit problems are identical, were described at this morning's session of the American Industrial Lenders' Association convention at the Providence Biltmore Hotel

Arthur L. Wick, of Philadelphia, Chairman of the Retail Merchants Bureau Committee, reported that the plan would reciprocally accomplish three objects: save the making of an account to an unreliable prospect who had already proved himself unworthy of credit, locate delinquent debtors, and save the merchant losses by loaning to his slow customer an amount sufficient to pay off his transaction, thereby permitting the merchant to reinvest his capital.

To put the plan into practice chairmen of the various state associations where industrial lending has been legalized have been requested to appoint a sub-committee in every city in their territory where lenders are actively engaged. Fifty per cent of the state associations thus far have appointed these sub-committees, Mr. Wick reported.

Providence, R. I., Sept 2.—A fourteen year struggle to legitimatize the small loan business in Michigan was described by B. R. Henderson, of Chicago, in a talk this afternoon at the convention of the American Industrial Lenders' Association in the Providence Biltmore Hotel. Efforts to enact equitable loan legislation in that State began in 1911, culminating this year in the enactment of the Russell Sage Foundation small loan law which became effective last month.

The loan shark evil in Michigan had become so acute by 1911, said Mr. Henderson, that in that year the legislature passed a law that put most of them out of business, causing a few, however, to "bootleg" it. The maximum interest rate permitted by the law was so low that the law-abiding lenders found it impossible to do business at even a small profit and in 1913 the law was declared unconstitutional.

As a result of the coöperation of the Russell Sage Foundation and the Provident Loan Society of Detroit with the lenders, another law was passed in 1915 in which the legal interest rate was raised to 3 per cent. In this case also it was found impossible to do business at a fair profit and in 1916 the Sage Foundation and reputable lenders, after a survey of the entire lending field by a commission of experts, drafted a Uniform small loan law providing for state supervision of lending and fixing the maximum rate on unpaid balances at 3½ per cent.

An effort to have the bill passed was unsuccessful in 1919, but two years later it was enacted, except for the interest rate, which was put at the former figure of 3 per cent. In 1923 another attempt to change the rate was unsuccessful.

This year the campaign to amend the law to permit interest rate of 3½ per cent was successful, as was also an amendment to prohibit so-called salary buyers from operating in Michigan.

Providence, R. I., Sept. 2.—The economy in cost and efficient operation of the small loan business through standardization of legal papers was stressed by L. E. Pope of Richmond, Va., in an address this afternoon at the convention of the American Industrial Lenders' Association at the Providence Biltmore Hotel.

Acceptance of state supervision and a low rate of interest, Mr. Pope said, had proved no deterrent to the progress of the business. This progress, he said, has been possible by coöperation, standardization, and individual systematizing of the business, but not enough thought has been given to the value of adopting uniform papers. Only seven states have had the matter under consideration, and of this number only four have taken any action.

The adoption of uniform security papers, Mr. Pope asserted, had a value from an economical, practical and legal standpoint, as it enabled printing to be done at one central point, facilitated the work of the supervising departments in the various states, and in the event of any court decision requiring changes, these changes could be made simultaneously on the uniform documents in use.

Providence, R. I., Sept. 2.—That the borrowing public to-day can absorb a hundredfold the capital now invested in the industrial lending field was a statement made by Fred B. Snite, of Chicago, in an address this afternoon at the convention of the American Industrial Lenders' Association at the Providence Biltmore Hotel. He quoted statements that 85 per cent of the adult population are without banking facilities and in emergencies requiring loans must obtain them outside regular banking channels, saying he believed 99 per cent of the people are honest and will pay their just obligations unless misfortune prevents.

The younger generation also found a defender in Mr. Snite, who said there was a need for young men of ideals and vision in the small loan business, that the ideals of the young men of to-day are far superior to those of the old men and that the modern young man himself is superior to the old business man.

"The younger man who chooses for his vocation the industrial loan business," said Mr. Snite, "and who keeps ever in mind the idea of service first to a borrower, and makes profits secondary, will eventually have the largest and best organization, paying in return the highest dividends. The loan business of the past fell into disrepute because of the lack of young men with ideals.

"The loan business to-day calls for men who would refuse a loan to a man or woman when they desire to use it for some unnecessary purpose, where the borrower is likely to become involved, thereby diminishing his productive ability, or forcing him to deprive himself and his family of the ordinary things of life."

INDIANA

Bulletin No. 2
August 17, 1925
Issued by Indiana I. L. Ass'n.

Mr. H. H. Burrell, Chairman of the membership committee is making a concerted effort to secure memberships. If there is a licensee in your city who is not a member of *YOUR Association*, talk with him and send Mr. Burrell his name. He will assist you in getting his name on the dotted line. Your co-operation is earnestly solicited by this committee.

The semi-annual meeting of the Association will be held Thursday November 5th, the change of dates was ordered by the executive committee so that our meeting would not conflict with the Penna. Association annual convention. Now is a good time to send your suggestions for this meeting, send them to the secretary, he will hand them to the proper persons.

New Members

Legal Loan Co., 421½ S. Main St., Elkhart.

A Cook Loan Co., 12 N. Jackson St., Greencastle.

The bonding companies have raised the fees for bonds for licenses as you probably discovered when you received your bill this year, from $5.00 to $10.00. A committee, Mr. George C. Grinstener, Chairman have had several conferences with the officials of one bonding company, this committee is encouraged and are attempting to have this increase rescinded.

If you are interested in a safe, write Mr. Benj. Blumberg, 315 Star Bldg., Terre Haute, Ind.

Surely you are arranging to attend the 10th Annual convention of the American I. L. Ass'n. which will be held at Providence. The fare from Indianapolis is only $34.67. Why not make your reservations now?

The bulletin was not issued last month, you know the reason. Why not drop a line of news that will interest the rest of the members. It takes news to issue a bulletin, several of the members at the convention wanted it. Why not kick in with some news. All stories received from J. Fred Schurmann will be censored, and that's that.

R. F. Harts, *Secretary*.

Bulletin No. 3
September 19, 1925
Issued monthly by Indiana I. L. Association

From the many expressions received the bulletin could be made a real newsy paper. Don't forget Ye-Secretary has to write this and if you who have to read this will contribute an article of some kind from month to month, it will be of more value. Send in your article before the 10th of each month.

The Terre Haute Lenders meet at the Chamber of Commerce every Monday. The Ft. Wayne boys also meet each week at the Chamber of Commerce. Indianapolis meets every Friday at 12:15, Chamber of Commerce Bldg. You don't need a special invitation to join with them when you are in any of these cities. Lunch with them. *Swap stories.*

New Applications

Legal Loan Co., 421½ Main St., Elkhart; American Credit Co., 217 Iroquois Bldg., Marion; American Security Co., Winchester.

Resignations

Central Loan Co., Kokomo, merged with Legal Loan Co.

The membership committee, H. H. Burrell Chairman 231 S. Michigan St. south Bend is on the job, he invites your co-operation and says he is hungry for suggestions. He asks your help, enclosed with this bulletin you will find a blank application, do a little missionary work in your community, get some licensee who is not a member to sign on the dotted line, $6.25 paid before Oct. 1st pays dues until December 31st.

Every licensee who is non-member of the Association will be invited to attend the semi-annual meeting Thursday November 5th at Martinsville. Place this date on your calendar pad NOW.

SPECIAL NOTICE—Every manager is urged to take part in the following subjects which will be on the program at the November meeting. The Association will offer two prizes for the best experience on the following subject—*"The Hardest Collection Ever Made."* This must be a talk and not a paper and must not take over five minutes. Five men have been assigned to this subject in order that real competition will be had. Now is a good time to frame your talk and don't hesitate to tell it. A committee will award the prizes $10.00 1st, $5.00 2nd.

Two prizes will be offered to the manager who writes a paper not to exceed eight hundred words or gives a talk not to exceed ten minutes *"Training New Outside Men."* Five men also have been assigned to this subject, it is open to every member attending. $15.00 1st, $10.00 2nd.

Collector in Arnett's office. Is Mrs. Jackson at home? Maid—Yes, but she is not receiving to-day. Collector—That's all right, I'm not delivering—I'm collecting.

It has been said if you want a good sleep. "Dip your head in water three times and take it out twice."

If it never rained, how would a pig get a bath, and if you don't send in some material for this bulletin, how can you expect one?

Arrangements will be made to take those who attend the Martinsville meeting from Indianapolis. Full details will be published in the next Bulletin together with the program. The slogan now is MEET ME IN MARTINSVILLE Thursday NOVEMBER 5th and That's That.

Notice—If you have any subject you want on program, send it in at once, your subject will be assigned to some one, this meeting will be a whiz-bang.

THE PROVIDENCE CHAMBER OF COMMERCE

September 4, 1925.

Pawtucket Chapter,
American Red Cross,
Pawtucket, Rhode Island.

Gentlemen: We enclose a cashier's check of the Blackstone Canal National Bank for $227.00, to be applied to the fund for the relief of the Mackinac sufferers.

This money was raised yesterday by delegates attending the annual convention of the American Industrial Lenders' Association, and delivered to us with the request that we forward it to the general fund. It is a pleasure to have the privilege of passing it on to you.

We shall be pleased to receive an acknowledgment.

Very truly yours,
(Signed) Richard B. Watrous,
General Secretary.

COMMUNICATION

Richmond, Va., *Sept.* 12, 1925

To the Members of the American Industrial Lenders Association.

Permit me to take advantage of this opportunity to give expression to my feeling of profound gratitude to you for the honor which you have conferred upon me by making me National Chairman of our Association. In a busy life which has been crowded with many events and during which the partiality of my friends has brought to me more coveted honors than I deserve, there has never been an occasion on which I have felt more truly grateful than the hour in which I was made National Chairman of the American Industrial Lenders Association. But profound as is my feeling of personal pleasure at this great honor, it is surpassed by my keen sense of appreciation of the responsibilities which it entails and my recognition of the many and arduous duties which must be performed in order to make my administration creditable and serviceable to our organization.

The business in which we are engaged has passed through the most difficult stages of its development and is now recognized as a necessary element in our country's economic life. However, the final battle for existence is never won and only by the exercise of constant vigilance and sustained endeavor can our present position be maintained and further progress made possible. I pledge to you my most earnest efforts and unsparing diligence to advance in every way the best interests of our Association. No sacrifice of my own time and no effort that I can put forth will be too great to be cheerfully made whenever necessary, but however great may be the devotion to this cause and though my qualifications for this position were far greater than they are, I cannot accomplish the work to be done alone. I, therefore, call upon the entire membership of this organization for unstinted coöperation and support. With that assured, success is certain and without it, failure is inevitable. The success of regular troops on the field of battle over raw and untrained collections of men is due, not to any fundamental differences in the quality of the men engaged but to that precision of action which is the result of coördination of effort. This is no less true in the world of business, and if our organization can attain to that high degree of discipline and coöperation which it should strive for, the success of our efforts is a logical and natural consequence.

Remember that my services are at your disposal. Let me hope that your services are likewise mine to command. With this happy understanding, for I assume that what I ask is already granted, let us address ourselves to the work of the coming year cheerfully and confidently.

Very truly yours,
Edgar P. East,
National Chairman.

THE VILLAGE RHYMESTER

By Carlyle Emery

Shelby Synd

Dear Folks:

I know a man who has the gift of speech that's soft and sweet, and when he's up against a thing he knows he cannot beat, he'll start to pour excuses out and make you think he's right, instead of rolling up his sleeves and getting in the fight.

He makes mistakes and covers them with talk that's mighty smooth, there's something in his tone of voice that seems to lull and soothe. He looks accusers in the eye and then he starts to purr, and proves mistakes are little things that often must occur. He'll owe some bills for many months and when for funds he's pressed, he'll go and tell his creditors how deeply he's distressed. He'll lay it on so smooth and slick, his creditors will sigh, and ask him if there's something else that he would like to buy.

He always has a ready tongue that drips with honey sweet, and yet in justice to the man, he's really not a cheat. He knows the power that he holds when in a risky place, and so there's nothing in the world that he's afraid to face.

That's why he's careless in the things that should have lots of care, but nothing lies ahead of him excepting deep despair. For talk is cheap and cannot last forever and a day, and time will bring him to the place where he will have to pay.

Cordially yours— T. V. R.

CONVENTION PHOTOGRAPHS

Persons who may want to secure copies of the group photographs taken at the Providence National Convention should send their orders direct to F. H. Farley Studio, 103 Westminster Street Providence, R. I.

WEST VIRGINIA

The State Tax Commissioner has made a ruling that licensees under the new West Virginia Uniform Small Loan Law do not have to pay a local license.

SMALL LOANS BILL VETOED BY GOVERNOR HELD CONSTITUTIONAL

Saves Big Sums

Loan Shark Case

The decision in the loan shark case was rendered by Associate Justice Frank Hall, the style of the case being State exrel, vs. Dixie Finance Co. The case was filed against the company by the state commissioner of finance and insurance and the attorney-general, and enjoined the Dixie Company from engaging in lending money at rates more than 10 per cent. Judge Hall held that the last loan shark bill which the legislature passed was now operative because the first bill, Senate Bill 355, known as the small loans, was operative because the governor failed to return it with his veto within the five-day period allowed by the statute. The vetoed bill, now held valid, repealed the loan shark law of 1917.

The legislature then attempted to pass another loan shark bill (Chapter 76, Acts 1925) based on the 1917 law, and since the court held the first bill knocked out the 1917 law the second bill was, of course, void. Thus a bitter fight between two classes of small money lenders is brought to a close. The law now operative by the court decision permits monthly interest of 3½ per cent on unpaid balances on loans and will lower loan shark interest rates if carried to maturity, it is claimed by proponents of the measure, who staged a brilliant parliamentary and legal battle for the law which appeared doomed when the governor's veto was sustained in the general assembly.—*Nashville, Tennessean, August 1, 1925.*

SUPREME COURT REVERSES THOMAS ON USURY APPEAL

Holding that the charging of more than three and a half per cent interest per month on a loan is usury in the state of Georgia, and the borrower under such conditions is under no obligation to repay the loan, the state supreme court on Thursday handed down a decision reversing Judge E. D. Thomas and the Fulton Superior Court in dismissing on a general demurrer the case of G. M. Davis against the Atlanta Finance Company and several other loan brokers.

This action arose when David filed a petition in the superior court alleging that he had borrowed money from the Atlanta Finance Company and other small loan concerns on salary assignments, and that the brokers, by manipulation of fees and brokerage charges, had charged him more than three and a half per cent per month interest. He also alleged that during a period of months he had repaid to the lenders for more than the original loan, plus the legal interest charges, and on that basis he fought release from further obligation.

The defendant loan companies filed a general demurrer to the petition, which sought to prevent them from presenting the salary assignments to Davis' employers. Judge Thomas upheld the demurrer and dismissed the petition.

The supreme court holds that the petition on its face shows that Davis had been forced to pay more than the legal three and a half per cent per month interest, and that if this were proven in the trial of the case it would be sufficient ground to relieve the plaintiff from any further obligation to the loan companies involved. It also is held that the allegations set out in the petition constitute a legitimate cause for action and the petition should not have been dismissed on demurrer.

The loan brokers involved in the litigation are the Atlanta Finance Company, the Bristol Finance Company, the Fulton Purchasing Company, the Grant Trading Company, the Dollar Supply Company, Henry & Co., the Salary Investment Company, the Edgewood Finance Company and Jackson, Chestnut & Lawrence.

GEORGIA

The legislature adjourned without passing any legislation affecting the small loan business.

EFFORTS REWARDED

During the Providence Convention, Chairman Aufderheide appointed Messers Stroup, Moss and Beyer to act as judges in the contest to determine the three best papers describing "The Hardest Collection I ever made." The first prize of $25 was awarded to J. C. Lewis, of the Household Finance Corporation, of Norristown, Pa. The second prize of $15 went to J. G. Keiser, of the Beneficial Loan Society of Paterson, N. J., while J. B. Lafferty of the Community Finance Service, of Pittsburgh, Pa., captured the third prize of $10.

ADVANCE NOTICE

Now is the time to pay your dues in the A. I. L. A. to the National Secretary if you want to be listed in the directory of members in good standing which will appear in the 1925 Year Book now in the process of making.

Now is also the time to send the National Secretary the names of the managers or executive officers of each membership if you desire them published in this directory in connection with individual, firm or corporate name.

LOAN OFFICE FOR SALE

$75,000 Cash Will Purchase a Going Office in Excellent Condition.

Good Reasons for Selling.

Wire, Phone, or Write,

Q. S. Box 778, Harrisburg, Pa.

LOAN OFFICE MANAGER

We have desirable permanent openings in new and also established small loan offices for men with training in judging credits.

We are the largest concern making small loans in the United States and a connection with us insures rapid promotion to men of judgment.

Also positions open for younger men as assistant loan office managers.

Salary attractive. State experience, if any, and such other facts as will be helpful. Interviews arranged promptly.

Charles H. Watts, *President,*
135 Broadway, New York City.

MORE OPPORTUNITY

for men experienced in making Industrial Loans on Chattel Mortgage, under State license and supervision, to manage branch offices of a national system.

Applications will be treated in strict confidence. Write, promptly, stating age, experience and qualifications to

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 4. OCTOBER, 1925. Price, $1.00 a year.

MEETING SCHEDULE

ILLINOIS—Meeting of the Illinois Industrial Lenders Association, Chciago, October 24th.

INDIANA—Semi-annual Convention of the Indiana Industrial Lenders Association, November 5th, Martinsville.

PENNSYLVANIA—Annual Convention of the Pennsylvania Industrial Lenders Association, November 18th, Bellevue-Stratford Hotel, Philadelphia.

MASSACHUSETTS—Boston, Mass., January 21, 1926.

NEW JERSEY—Trenton, N. J., January 21, 1926.

BLAMES CREDIT FOR LOSS

Judge Says $250,000,000 Annually Granted to "Beats" Could Be Cut

The annual loss of $250,000,000 to credit "beats" in this country could be materially reduced if business interests would take proper precautions, according to Judge J. Whitaker Thompson, of the United States District Court for Eastern Pennsylvania. Judge Thompson's statement is given in a bulletin issued by the American Institute of Accountants, by whom he was invited to file his findings on the subject.

"I think I am safe in saying," he declared, "that in all such cases tried before me, where it has appeared credit was extended to a person on strength of false statements, the falsity of the statements might have been discovered had the creditors made even a slight effort to learn the truth.

"GET YOUR MAN!"

The National Association of Credit Men has an emergency slogan—"Get Your Man," which means a drive to check the big credit crime wave that has swept over the United States in recent years. Every known credit criminal in this country will be described in a record on file in each of the twenty-five district headquarters of the national association which is raising a fund of one million dollars to combat the credit crook.

LOAN CO. SUES TO BLOCK EX-EMPLOYE BREAKING SILENCE

Suit to enjoin Gilbert J. Eigelbach from divulging any information obtained while in their employ, was filed to-day in the Circuit Court by the Boone Loan and Investment Company by its attorneys Doolan & Doolan. According to the petition Eigelbach, when employed by the concern three years ago, signed an agreement, in which he certified that he would neither divulge the names of the clientage, nor any information obtained while employed and also agreed that he would not enter a similar business in the event of terminating his employment.

The petition alleges that for the past six months Eigelbach has divulged information relative to the business to one customer. It is charged the information was of a confidential nature and that Eigelbach violated his contract. The petition seeks an injunction to enjoin the plaintiff from divulging further information.

CITY WORKERS DEBT RIDDEN

Two Thousand Seattle Employes Are Victims of "Loan Sharks"

Seattle, Wash., (A. P.)—Two thousand of approximately 5,000 municipal employes here are victims of loan agencies commonly called "loan sharks," a recent check of payroll sheets in Comptroller Harry W. Carroll's office disclosed.

The majority of these debt-ridden workers never see their pay checks, which are assigned to the agency when a loan is contracted. After the agency deducts its interest charge the debtor receives what remains.

Though this state has a drastic usury law, making the maximum legal interest rate one per cent a month, investigation shows as high as 36 per cent is collected in some instances. To the high interest rates city officials attribute the fact that some borrowers cannot free themselves from debt.

The agencies operate under a pawnbrokers' license law, which permits a greater interest charge, though they are not actual pawnbrokers.

Chief of Police Severyns estimated amounts owed by his patrolmen ranged from $50 to $600, with $100 the average.

A DIFFERENT TYPE OF ADVERTISING

How to Be Distinguished

A Program Based on Four Simple Points

1. Keep your word; promises are promises, lightly or deliberately given.

2. Pay your debts; the man who borrows a dollar or is granted credit and pays it back when he said he would is nothing more or less than a phenomenon.

3. Be punctual; to be on time for one's appointments and to dispatch them on time is to appreciate the other fellow's time as well as one's own. Meeting engagements, paying one's debts and keeping one's word are all of a kind and hang together in the foregoing of a reliable citizen.

4. Return what you borrow; in a measure this principal rises and falls with number two, "Pay Your Debts," but it also includes the principle of borrowing anything from a magazine to a lawnmower.

These four cardinal points are everyday virtues, common as sunshine, and the individual who practices keeping his word, paying his debts and being on time is a distinguished man among men.

If you owe a number of small bills and want to pay them and keep your credit good, we will make you a loan on your furniture, piano, automobile or other personal property and you can repay it in small monthly installments.

BE DISTINGUISHED.

State Loan Company,
414 People's Bank Bldg.
Phone—Maine 595.

We are licensed by and under State supervision.

HARVARD LAW REVIEW
MAY, 1925

Usury and Usury Laws. A Juristic-Economic Study of the Effects of State Statutory Maximums for Loan Charges upon Lending Operations in the United States. By Franklin W. Ryan. Hart, Schaffner and Marx Prize Essays, Vol. 39. Boston: Houghton, Mifflin and Company. 1924. pp. xxxi, 249.

Here is a clear book on an obscure subject,—one might say a sensible book on a foolish subject. The obscurity and folly have been heaped upon it by churchmen and lawyers, by exponents of philanthropy and exponents of greed, by clever theorists and stupid men of action. The appearance at least of clarity is given to the present day problem through an attempt to reconcile the notoriously contradictory views of the lawyer, or rather legislator, and the economist.

Mr. Ryan has a very definite thesis which can be stated, briefly and without either legal or economic technicality, somewhat as follows. The real, though perhaps inarticulate, purpose of anti-usury legislation has been to protect the weak, the ignorant, the hard-pressed, from the unconscionable bargains that are likely to be driven by shrewd and grasping money lenders. With this reasonable and laudable motive the legislators have generally shot at the wrong mark and set a

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Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

maximum rate for interest in general. In fixing a rate they have thought rather of those business situations in which the element of duress or undue influence or fraud or overreaching had no bearing. They have failed to make any distinction between loans for productive and loans for consumptive purposes, between large loans and small loans, between loans involving little risk and loans involving great risk, between loans involving practically no cost to the lender and loans involving high cost to the lender, between long-time loans and short-time loans. In short, they have tried to make a single rule for the multiplicity of business elements obscured, rather than expressed, when we speak of a rate of "interest." They have, as Mr. Ryan puts it, hoped to prevent "moral usury" by establishing an inflexible rule of what he calls "legal usury," and have failed. Mr. Ryan's remedy is as simple as his diagnosis. He proposes the adoption of the so-called Uniform Small Loans Law and the repeal of the existing usury laws. In fact, he believes that legislatures will turn a deaf ear to the economist's demonstrations of the futility of usury laws until their consciences are soothed by some provision against "moral usury."

There is much opportunity afforded by such a thesis to go into economic theory and history, and Mr. Ryan makes the most of it,—for this is primarily a thesis in economics. Some of the economic theory is probably unorthodox. Bentham's classic demolition of the usury laws is criticized for its failure to make adequate allowance for moral usury. Some very fine tackling against the wind is necessary to vindicate the uniform Small Loans Law, which, after all, makes its measure of usury purely quantitative,—albeit the quantitative measure is raised from six per cent a year to three and a half per cent a month,—after the author's wholehearted rejection of existing quantitative tests on the ground that they exclude the question of moral usury from the court's consideration. Mr. Ryan sees the difficulty, but he also sees the difficulty in the alternative plan of adopting the system of some European countries, which leaves to a tribunal the broad question of whether a particular bargain is oppressive. A more interesting economic contribution is the clear analysis of the return called "interest." We are too apt to think of a return expressed in terms of percentage as a profit. A return of forty-two per cent a year or even half that amount sounds outrageous. But how much of this is profit? Let us assume that the money is loaned by a corporation. How much of this percentage will find its way into dividends, after office expenses and salaries, license fees and taxes, are paid, losses deducted, and claims prosecuted? The small loan business is an expensive business,—perhaps, as conducted under present laws, a wasteful one. Whether it can be a profitable business at one rate or another can hardly be determined by one's assuming that the net cost to the borrower represents the average return on capital to investors, without allowing for any difference between gross and net return. Perhaps a more important economic proposition is the author's statement of the function of the money lender who makes small loans to the needy. Mr. Ryan's position is this: "The man who loans $100 to his fellow-man who desperately needs it for a month, and who charges him $3.50 therefor and makes a profit of less than a dollar on the transaction, is not a 'usurer' in any true sense of the word." On the contrary, he fills a gap in our credit structure and performs a highly important social and economic function.

The validity and importance of Mr. Ryan's thesis for the lawyer is by no means dependent on his economic theory. It turns rather on this question of fact: Is a dividing line of three hundred dollars a satisfactory basis for distinguishing those cases of interest-taking of actual concern to the legislature from those of no concern to it, but in which it has intermeddled by reason of its failure to recognize any such classification? Experience is the best basis for an answer, and so far experience seems to favor Mr. Ryan's proposition. Will it be possible to maintain the propriety of such a classification in the face of constitutional requirements in the several states? It is precisely in connection with the question of the reasonableness of the classification made by small loan laws that Mr. Ryan's discussion may be drawn upon most effectively for argument in court.

There are other matters of interest to the lawyer. The discussion of the historic failure of usury laws, of the methods of evasion that have developed both in cases involving "moral usury" and in others quite free from it, furnishes an excellent contribution to the study of "the law in books and the law in action." The discussion of the rule that corporations cannot plead usury is interesting. It is interesting to note the effects of the principle that exempts the Federal Reserve Banks from state usury laws. Finally, it is interesting to perceive that the almost inevitable outcome of putting forth a standard, such as is involved in the term "moral usury" as used by Mr. Ryan, in place of a fixed precept establishing a maximum rate, is a tendency to resort to administrative discretion instead of automatic legislation. The significance of the recent grant of power to the Massachusetts supervisor of loans enabling him to fix rates is emphasized. A considerable grant of power to such officials and bodies is involved not only in the matter of licensing but also in the settling of minor disputes.

To the legal historian there is food for reflection in the progress of the usury idea through the ages from one type of civilization to another with the apparent lack of realization of its changing significance in new environments. The biblical prohibitions, undoubtedly, were highly humane in an agricultural society, where all loans were to consumers and money could not be said to "breed." The mediæval Church prohibited all interest taking in a very different society, on this biblical basis. As the various states took over from the Church complete jurisdiction over ordinary contracts, they adopted the Church view of usury. Very gradually did they make the concessions that have produced the condition prevailing to-day, in which the usury law consists generally of an arbitrary maximum for lawful interest. Incidentally, the rigor of the penalty for usury has been relaxed, though there are states in which a usurious stipulation works a forfeiture of part of the lawful interest, or all of it, or even of the principal. Meanwhile the law has permitted the growth of devices under which there is practically no limit to one's return on one's capital, so long as it is nominally invested rather than loaned. There is still entirely too much virtue in a name. Borderland studies between the law and the facts of life, such as the present study by Mr. Ryan, may do much to overcome the "jurisprudence of conceptions."

NATHAN ISAACS.

BACK YEAR BOOKS WANTED

To complete its file the Department of Remedial Loans of the Russell Sage Foundation, 130 East 22d Street, New York City, would like to obtain in good condition copies of the 1919 and 1921 A. I. L. A. Year Books. If you have any of these books and want to part with them for two dollars a piece, please advise G. W. Kehr, Box 778, Harrisburg, Pa.

SHYLOCK'S CLAIM

Lord Darling's Questions to a Witness

Amusing Passages

"There is a famous case, not heard in this country, in which a person named Shylock was the plaintiff and one named Antonio the defendant. You may have heard of it. What do you think should have been done in that case?"

The question was addressed by Lord Darling, when presiding yesterday over the Joint Committee of the House of Lords and the House of Commons on the Money Lenders' Bill, to a witness—Mr. Barry Cohen, solicitor, of Salisbury House, City of London—who replied: "The case is not in the law reports, my lord." (Laughter.)

Lord Darling: But you are not now concerned with the law reports.

Witness: We are not supposed to read anything else. (Laughter.)

Lord Darling: Well, what would you have done in that case?

Witness: Well, I should have allowed that case to be reopened, giving the judge power to reconsider the whole case and, if need be, fix the amount of the award. (Laughter.)

Lord Darling: You know that in that case the money, the capital, and heavy interest were tendered half through the hearing.

Witness: I remember the case, but it is not in the law reports. Renewed laughter.) But still I think the court should have inquired into the transaction, referred it to a judge in Chambers, or a tribunal, and the tribunal should have prescribed a fair rate of interest. There would have been no reason then for the young lady's eloquence. (Loud laughter.)

SUGGESTED TRIBUNALS

Witness had previously suggested that in any further legislation there should be provision for referring difficulties between a borrower and a money lender to a tribunal which should be set up, or to a judge in chambers, thus avoiding the publicity which occurred when bankruptcy proceedings took place. When a young man got into bankruptcy he was sometimes approached mysteriously by a second money lender to take out a loan. He had no doubt that the money lenders acted in collusion in such cases. Repayment of interest should be according to the debtor's means, and not according to the size of the debt.

Witness further said that money lenders with whom he had principally been concerned dealt with middle-class people and with public school boys. Something should be done to save these foolish young men and the taking away of the lever of publicity would be in that direction. Witness did not propose to punish these young borrowers for entering into an improvident undertaking. He would place the lender in the same position as a bookmaker. It was a gamble, and a man could not recover money lent as a gamble. Witness said he would allow to the lender 25 per cent interest at the outside.—*London Morning Post,* June 20, 1925.

IOWA

A meeting of the Iowa Industrial Lenders Association was held at the Hotel Ft. Des Moines, Des Moines, Iowa, August 20, 1925.

The meeting was called to order by the Chairman, Mr. T. J. Harrison of Waterloo. The following member representatives and licensees were in attendance:

B. E. Henderson of Chicago, C. G. Liggett of New York City, T. J. Harrison of Waterloo, Fred L. Wright of Chicago; W. L. Glessner, Cedar Rapids, H. L. Leidig, Burlington, Ed. L. Roth, Ottumwa, J. M. Kelso, Ft. Dodge, John F. Miller, Burlington, Thos. H. Meickley, Marshalltown, W. E. Steely, Waterloo; Frank S. Dunshee, Council for the State Association, Des Moines, M. Aliber, Des Moines, E. I. Levitt, Des Moines, Sol Gottlieb, Des Moines, Julius Gottlieb, Des Moines, Wm. De Beaulieu, Des Moines, Harry Davidson, Des Moines, C. M. Dehnert, Des Moines, H. A. Hulling, Des Moines, W. C. Marquis, Des Moines, R. H. Collette, Des Moines, V. V. Boehm, Des Moines, Mr. Amos, Des Moines, J. B. Morris, Des Moines.

The purpose of the meeting was to outline a program of procedure in opposition to the present increased levy of taxation on concerns conducting Small Loan Businesses.

Mr. Dunshee, having given this matter an unusual amount of time and having made extensive investigations, covered the situation in a very complete and able manner. He said in part, that as a final result in order to bring about a successful ending, it would undoubtedly be necessary to take the case to a higher court.

To accomplish this, if decided upon that this action be taken, it is obvious that funds must be available to carry on the battle. In connection with this there was a very favorable response from all those present, and an actual underwriting took place. However, this was not sufficient, and since the situation was of vital interest to every licensee, a motion was made and seconded to make direct appeal for funds to all licensees. The motion as carried also appointed a Committee to solicit this fee. The Committee consists of Ed. L. Roth, Frank S. Dunshee, and C. M. Dehnert.

Mr. Henderson made motion and it was seconded that a committee of five, and to have chairman, be appointed to confer with Attorney and others, if any, upon any matter that might come up for discussion. The Committee consists of Wm. De Beaulieu, Chairman, Ed. L. Roth, W. L. Glessner, C. M. Dehnert and B. V. Boehm. Resolution made and adopted that letter be compiled by Mr. Dunshee, outlining the situation in general, and copy sent to each and every licensee.

Continuing in the tax situation there was a resolution made whereas the Attorney General of Iowa has issued a ruling to the effect that the Small Loan Companies of Iowa are in direct competition with the banks of our state. And, whereas under this new ruling your assessment would be changed from moneys and credits to moneyed capital; and under this ruling your taxes would be increased from five to six hundred per cent. And, whereas this ruling will apply to you and every other lender in Iowa during the ensuing year, we deem it of vital importance that all the lenders of Iowa unite and coöperate to defend our mutual interest and protect and preserve our present rights.

During the afternoon session some open time was available and so one or two other matters of importance were brought up for discussion.

There was a resolution made that members in the future, in all their advertising and other printed matter omit any and all reference to the Banking Department. It was recommended that this practice cease before it become necessary for the Iowa Legislature to act upon it. The words, "Under State Supervision" are unobjectionable and equally useful.

Mr. Liggett gave a talk on an Exchange Bureau or Clearing House for Des Moines Lenders, making clear of what paramount importance this aid would be to local organizations, and that the ultimate outcome if Bureau was to be adopted would prove a very valuable asset. Mr. Liggett further stated that if a local association were formed in order to absorb and place in readiness some of the elements of detail which naturally would arise, he would accept the responsibility by coming out and putting it across.

Upon motion of Mr. Levitt which was unanimously carried Tate Harrison was delegated to represent the Iowa Association at the National Convention in Providence, September 2d to 5th. Mr. Harrison serving in this capacity has won the admiration of all and we are indeed happy to know that it has been possible to have this representation.

The meeting adjourned and the evening spent at the Harris-Emery Tea Room, all the out-of-town boys having been invited to a dinner by the local members.

V. V. BOEHM,
Secretary.

ARE INDUSTRIAL LENDERS SERVICES APPRECIATED?

Here is an exact copy of a letter received by one of our members which shows the services of our members are appreciated:

My dear Sirs:

Kindly find enclosed a money order for twenty dollars. I'll catch up next month by paying double payments.

I thank you so much for letting me have the money last summer.

My mother was ill for eight weeks and died September 8th.

Your money helped to tide me over a good bit, so I'll promise you I certainly shall pay you every cent and pay you promptly.

I am enclosing an addressed and stamped envelope for the return of the receipt book.

Yours very truly,
GRATEFUL CUSTOMER.

No doubt other members have received similar letters or have listened to verbal expressions of gratitude. The Editor will be pleased to publish more experiences like the above.

OHIO

Springfield, Ohio.
October 14, 1925.

Bulletin No. 7

Your Secretary earnestly requests that when you have a "skip" into another city in Ohio, that as soon as you learn of where he is or where you have good reason to believe he is, that you advise the Secretary, giving his and his wife's name, in order that the members of The Ohio Loan Association in that city may be advised to be on the lookout for him and avoid making him a loan on security already covered by your mortgage.

We are face to face with the task of drafting a new Constitution and by-laws for our Association. Your suggestions and coöperation are solicited. It will be up for the Mid-Winter meeting in January. Don't put it off until then, but sit down to-day and send in your ideas. Also your choice for a new name, if one is advisable.

The laws of Ohio relating to property exempt from execution and attachment have been so amended by the last session of the legislature that 10% of the personal earnings may now be reached for any lawful debt. Formerly this was confined to necessaries. This is of value to the small lender in a case where the security has disappeared either properly or improperly and you still hold the note, which formerly you considered good for a judgment, but bad for a collection. Now you can sue on the note and take 10% of the wages of the debtor each thirty days. In this connection you are referred to Sections 10271-10272-10253-11721-11725-11738 and 11781 Gen. Code of Ohio.

Your Executive Committee is of the opinion that the proposed taxation amendments to the Ohio constitution are worthy of adoption. To this end sample ballots will shortly be mailed to you for distribution to your customers.

THE OHIO LOAN ASSOCIATION,
J. Fred. Anderson,
Secretary.

GEORGIA

The text of the seventh educational advertisement published in the October *City Builder* by the Georgia Industrial Lenders Association follows:

Eighty-three per cent without bank credit.

This Certificate identifies the Members of the Georgia Industrial Lenders Association.

It appears in Member-offices.

It safeguards the interests of every individual needing financial assistance.

It is estimated that 83% of the people of the United States have no banking credit.

Many of these have no occasion to borrow money, but a great number of them do as is indicated by the fact that approximately 2,500 000 small loans are negotiated annually.

Most of these loans are made to meet emergencies such as the need for necessities during illness or to meet obligations that must be paid on a specified date like rent and insurance.

These people are entitled to have available a loan service at interest rates prescribed by law as being fair to both borrower and lender.

The members of the Georgia Industrial Lenders Association lend sums of $10 to $300 to families needing money to meet emergencies or to take advantage of opportunities that present themselves.

The business of our members is under the supervision of the Georgia State Banking Department in much the same manner that banks are under State or Federal supervision.

This service is available to your friends and employees and on a basis that in no way obligates you personally.

A mark of distinction. Georgia Industrial Lenders Association. Under Supervision of the State Banking Department. You may safely negotiate with the following companies: City Investment Co., 517 Atlanta Trust Bldg.; American Loan Co., 406 Peters Bldg.; Southern Security Co., 204 Atlanta Nat. Bank Bldg.; The Master Loan Service, Inc., 212 Healey Bldg.; Seaboard Security Co., 250 Peachtree Arcade; Southland Loan & Investment Co., 205-A Forsyth Bldg.; Fulton Loan & Discount Co., 1113 Atlanta Nat. Bank Bldg.; Beneficial Loan Society, 421 Palmer Bldg.; Citizens Loan Co., 301 Peters Bldg.; United Small Loan Corp., 30 Peachtree Arcade; Security Investment Co., 201 Peters Bldg.

YEAR BOOK CORRECTIONS

Columbia Loan Co., 152 N. Delaware St., Indianapolis, Ind.

Personal Finance Co., 6 Lee Bldg., Memphis, Tenn.

Personal Finance Co., 418 Stahlman Bldg., Nashville, Tenn.

Personal Finance Co., 51 E. Main St., Norristown, Pa.

ILLINOIS

Chicago Commerce for October 3d, carries this educational publicity of the Illinois Industrial Lenders Association:

Making expansion possible.

This Certificate identifies the Members of the Illinois Industrial Lenders Association.

It appears in Member-offices.

It safeguards the interests of every individual needing financial assistance.

A woman who has a boarding house near the university came into the office of one of our members some time ago.

She saw an opportunity to make a profit instead of just breaking even by enlarging the dining room.

Three hundred dollars was needed but she couldn't make the loan from a bank for lack of proper collateral. Her reputation was good and her reasoning sound. We didn't hesitate to lend her the necessary amount.

As evidence of the success of the project she recently asked us if we could use $1 000 to loan out for her.

The number of loans we make to people who use the money to take advantage of some opportunity that presents itself, convinces us that there must be many more that we could help on the road to success if they were acquainted with our members.

If you are among these or have friends whose progress is being impaired for the lack of a small amount of money—let us know. We lend from $10 to $300.

For list of members refer to Sub-division 55 [page 695] of your Chicago Ass'n. of Commerce Blue Book.

Illinois Industrial Lenders
Association.

FOREIGN ACCOUNTS WELCOME

Some managers or their companies do not seem to relish the handling of foreign accounts. The Capital Loan Co., 29 Ruggery Bldg., wishes to go on record and will be glad to handle any and all accounts sent to us, whether they are skips from some other city where their collateral has been disposed of or whether they move their chattels to Columbus.

We are pleased to receive such accounts for two reasons. First, if they should be moving to Columbus, and their business is at all desirable, it gives us an opportunity of adding a customer to our business, and if they are no good, we have the opportunity of completing our records so that we would be able to fortify ourselves against a bad account for the future.

Since we must all depend some on the members of our business, in other cities, I feel that everyone should stand ready to lend a helping hand. In Columbus we have a corporation whose slogan is: "We grow better by service." This of course is not new, but it appeals to me and I will be glad to receive any accounts that come this way.

Yours truly,
THE CAPITAL LOAN CO.
B. L. Thuma, *Mgr.*
20 East Gay St., Columbus, O.

IMPORTANT DECISION RENDERED AUGUST 13, 1925

No. 4918 Supreme Court.

Davis v. Atlanta Finance Company. By the court.

Hill, J. 1. Section 13 of an act approved August 17, 1920 (Acts 1920, pp. 215, 219), provides: "Every person, copartnership, and corporation licensed hereunder may loan any sum of money not exceeding in amount the sum of three hundred dollars ($300), and may charge, contract for, and receive thereon interest at a rate not to exceed three and one-half (3½) per centum per month.

Interest shall not be payable in advance or compounded, and shall be computed on unpaid balances. In addition to the interest herein provided for, no further or other charge, or amount whatsoever for any examination, service, brokerage, commission or other thing, or otherwise, shall be directly or indirectly charged, contracted for, or received, except the lawful fees, if any, actually and necessarily paid out by the licensee to any public officer for filing or recording in any public office any instrument securing the loan, which fees may be collected when the loan is made or at any time thereafter. If interest or charge in excess of those permitted by this act shall be charged, contracted for, or received the contract of loan shall be null and void, and the licensee shall have no right to collect or receive any principal, interest, or charges whatsoever. No person shall owe any licensee, as such, at any time more than three hundred dollars ($300) for principal."

2. The petition in the case under consideration, which sought to enjoin a loan company from "filling out the blank forms herein referred to; and that said defendant company be enjoined and restrained from presenting said paper to the employer of your petitioner; and that said defendant company be enjoined and restrained from undertaking to collect any amounts from your petitioner as interest or principal which it may claim by virtue of any salary assignment which it holds or claims to hold and signed by your petitioner; and that said defendant company be enjoined and restrained from transferring any paper or papers held by it with petitioner's name signed thereto to any party or parties," etc., showed on its face that the defendant charged the plaintiff, contracted for, and received interest in excess of three and one-half (3½) per centum a month on the loan. In these circumstances the petition alleged a cause of action for the equitable relief sought, and was not subject to general demurrer. Fulwiler v. Atlanta Finance Co., 158 Ga. 859 (2).

3. The foregoing ruling does not violate the principle that "he who would have equity must do equity and give effect to all equitable rights in the other party respecting the subject-matter of the suit," as embodied in the Civil Code of 1910, 4521; and applied in Lyles v. Bank of Camden County, 151 Ga. 483; for the reason that inasmuch as the Act of 1920, quoted above, prohibits the collection of any part of the principal, interest, and expenses, the borrower is not required to pay back anything, and consequently owes no duty in equity to the lender.

Judgment reversed. All the Justices concur.

ANOTHER IMPORTANT DECISION HANDED DOWN

On August 1st, the Supreme Court of Tennessee handed down a decision stating that the slightly modified form of the Uniform Small Loan Law enacted by the legislature in 1925 session is the law of that Commonwealth, notwithstanding the veto of the Governor, which, according to the terms of the Constitution was filed too late. This also has the effect of declaring the Act of 1917 regulating chattel and salary loans in Tennessee repealed and that the 1925 amendment thereto enacted on the recommendation of the Governor in his veto message of the Uniform Act is also not in effect. There are at least eight industrial loan offices in Tennessee, the owners of which strongly favor the Uniform Small Loan Law and gave its enactment their moral support. These are expected to form a Tennessee Industrial Lenders Association at once.

DECISION RE VIRGINIA LAW

The National Small Loan Society here, brought suit against William Blue and got judgment in the lower civil court.

William Blue appealed it to the Circuit Court on the ground that the Uniform Small Loan Law in Virginia was unconstitutional.

Judge Hankel of the Norfolk Circuit Court took the case under advisement, and about a week later gave judgment for the National Small Loan Society. He did not hand down a written opinion.

The defendant took the stand that this is a special law, and the only thing we could find in the Virginia Constitution is where the Constitution reads that no special law can be granted to any private corporation wherein they can charge more than the legal rate of interest of 6% per annum.

All the defendant did was to cite a few cases which follows: 126-Virginia-Page-610-Paragraph-3, "A law is special in a constitutional sense, when by force of inherent limitations, it arbitrarily separates some persons, places or things from those upon which, but for such separation it would not operate." Mat Et Al vs. Commonwealth, 120-Virginia-Page-841-Last Paragraph Com. Et Al vs. United Cigarette Machine Limited, E. D. 5-Page-887. "The test of a special law is the appropriateness of its provisions of the objects it excludes. It is not the subjects included that makes it special, but what it excludes." Budd vs. Hancock.

PENNSYLVANIA

The regular meeting of the Pennsylvania Industrial Lenders Association was held at the Glen Valley Club on Neversink Mountain, Reading, at 2 P. M. Thursday, July 30, 1925.

Forty members were present.

On motion by Mr. Lyons, seconded by Mr. Mitchell, Dr. Mueller was elected chairman of the meeting due to the absence of Chairman Reeves (in California) and Vice-Chairman Young.

Upon instruction of the Chair the roll call was dispensed with.

Report of Officers

Dr. Mueller, reporting progress for Chairman Reeves, advised the members of the Chairman's visit to California.

Treasurer Devine, reported all bills paid as of June 30, 1925, and cash on hand of $1,312.04. On motion of Mr. Bachofer, seconded by Mr. Kehr, this report was approved. Carried.

Secretary Watts reported a membership of 121. One hundred and eighteen in good standing as of July 1, 1925; 71 members are members in good standing of the American I. L. A. as of August 1, 1925. There are 288 licensed lenders in Pennsylvania. On motion of Mr. Davis, seconded by Mr. Bachofer, this report was approved. Carried.

Report of Committees

Executive Committee

Chairman Ezekiel reported the resignation of Mr. Hess as a member of his Committee and asked that action be taken upon it, and his successor elected, at this meeting.

Publicity Committee

Chairman Moore reported progress and called members' attention to the considerable newspaper comment of our last meeting at Altoona, and referred generally to the splendid coöperation of his Committee throughout the state in continuing to obtain regular notice of our activities.

Membership Committee

Dr. Mueller reported progress for Mr. Young.

Vigilance Committee

No report.

Entertainment Committee

Mr. Ezekiel reported, for Mr. Moss, that arrangements were already under way for the annual meeting, Bellevue-Stratford Hotel, Philadelphia, on November 18th.

Legislative Committee

Mr. Kehr reported progress. Messrs. Ezekiel and Watts reported verbally on the recent effort of the executive committee to reconcile the views of members in Philadelphia, and of having obtained the coöperation of Mr. Noteman and others in the friendly adjustment of differences of opinion on the question of doubling up of loans, and that the matter was now concluded. On instruction of the Chair, the Secretary was advised to communicate our appreciation to Mr. Noteman for his steadfastness to his desire to reach a conclusion that would be fair to all concerned.

Mr. Knapp made a report of his visit to Mr. Myers of the Citizens Loan and Investment Company, Williamsport, and was tendered a rising vote of thanks for his splendid coöperation. The matter of unpaid dues was removed from the table and the matter will now take its usual course.

On motion of Mr. Bachofer, seconded by Mr. O'Neill, the Safety Finance and Investment Company of Philadelphia was suspended for non payment of dues. Carried.

New Business

On motion of Mr. Davis, seconded by Mr. Buck the application for membership of the Personal Finance Company of Harrisburg, was approved, and duly elected. Carried.

On motion of Mr. Kehr, seconded by Mr. Wick, the Secretary was instructed to communicate the sympathy of the organization to Mr. Loupe of Pittsburgh following the recent death of his wife. Carried.

Report, by Mr. Dobyns, as to the physical condition of Mr. Moss was made and on motion of Mr. Hart, seconded by Mr. Kehr, Secretary was instructed to communicate the good wishes of the organization to Mr. Moss on his continued physical improvement. Carried.

The Chair called the members' attention to the coming annual meeting which will be the 10th at Philadelphia, on November 18th, and urged each member to begin now to arrange his affairs so as to make possible the attendance of their friends and business associates.

On motion of Mr. Wick, seconded by Mr. Ezekiel, Secretary was authorized to extend an invitation to a representative of the Banking Department to attend the Providence Convention in September of the American I. L. A. as a guest of the Pennsylvania I. L. A. Carried.

On motion of Mr. Watts, seconded by Mr. Kehr, the resignation of Mr. Hess as a member of the executive committee was ordered accepted as of this date. Carried.

On motion of Mr Ezekiel, seconded by Mr. Davis, Mr. Wick of Philadelphia was elected to fill the unexpired term of Mr. Hess as a member of the executive committee. Carried.

On motion of Mr. Devine, seconded by Mr. Moore, the next meeting will be held at Pittsburgh, Thursday, September 24, 1925.

On motion of Mr. Ezekiel, seconded by

Mr. Dobyns, a vote of thanks was tendered the local committee for to-day's entertainment. Carried.

There appearing no further business to transact, on motion duly made and seconded the meeting was adjourned.

Charles H. Watts,
Secretary.

COMMUNICATIONS

Toronto, Ont.,
January 29, 1925.

Dear Sir:

I am in receipt of your generous supply of literature in respect to industrial loans which I shall read with a great deal of interest.

As you state, no provision is made in Canada for taking care of a man without banking connections or adequate security should he desire a temporary loan. The attention of the Ontario Government has been directed to this matter and it is just possible that during the year it will be fully considered by the Government.

At present, investing and savings are confined to Banks and Trust Companies. A Trust Company must have at least $100,000 paid up before it may commence business, and a Bank $500,000 paid up, so you will see there is no opportunity for savings and loans being made along the line which has proven so successful with your people.

I appreciate the contribution and desire to thank you for the attention given.

Sincerely yours,
Alexander Stewart.
16 Bernard Avenue, Toronto, Can.

OBITUARY

We record with regret the death of Mrs. W. R. Hancock at her home in Indianapolis, October 9th. She was the wife of W. R. Hancock, Treasurer of the Indiana Association and owner of the Model Loan Co. of Indianapolis.

We extend Mr. Hancock and his family our sincere sympathy.

MARY SPECULATES ON SCOPE OF LENDERS' MEETING HERE

Writer Hopes to Induce Association to Do Something About Abuses Practiced by Umbrella, Book and Silver Borrowers—Also Stamp Acquirers

By Mary E. Bostwick

Whether we can arrange it or not, we don't know, but our intention is to see whether we can't take to-morrow and Thursday off, and attend the annual convention of the Indiana Lenders' Association.

This is the first we knew that lenders were organized, and heaven knows it is about time, and ever since we read about this coming convention in the papers, we have wondered how it was we never heard of it before, and who was the lender who lent something and didn't get it back, just once too often, and who hence organized this association, and we hope they will let us become a member.

Moreover, we do not know what their program is, but we have been thinking the matter over, and without a bit of effort bring to mind any number of matters that the association of lenders ought to take up—that is, if it expects to be a success, and inspire all its members to pay their dues, etc.

We do hope the association will take up the matter of umbrella lenders. The world is divided into two parts—those who borrow umbrellas, and those who lend them—and this means that all the umbrellas in the world belong to half the population—and borrowers—and is this fair? We should say not.

Backs Umbrella Lenders

We intend to see, personally, that at this meeting something is done to help umbrella lenders, who for a long time have been absolutely defenseless, to say nothing of getting wet when it rains. Right this minute, we can think of five umbrellas belonging to ourself that are scattered around to the four winds, and not doing us a bit of good. One of these umbrellas was given to us, and the others we acquired, as one might say, from friends, and from time to time persons borrowed them from us, and now we haven't got a single, solitary umbrella.

What is the best way for an umbrella lender to get his umbrella back? Or should he give up trying to get it back, and simply square things in his own conscience by making off with the first umbrella he finds alone and unprotected? That is one of the finer points of umbrella lending that we should like to see taken up. And we would also like to have a medal fund established for any one who is brave enough, when out in the rain without an umbrella, and they see somebody carrying one that formerly belonged to them, to go right up to that umbrella borrower and snatch it away.

Book Lenders Also

Book lenders have suffered long and silently.

The bookshelves of almost any one reveal frequent vacant gaps, like those in the jaws of the little ones when they are beginning to shed their first teeth and haven't got their second ones yet, or like a picket fence that has had a lot of pickets heartily kicked out.

What is the best way to get back a borrowed book? To go right up to the person who borrowed it, or to go to his house some time and after a searching glance around the library, if any, say:

"Well! I see you've got a copy of 'Memoirs of a Glue Bottle.' Mind if I borrow it?" If he remembers that it was originally your very own 'Memoirs of a Glue Bottle' he won't have the nerve to say anything, and if he doesn't, he'll say sure, take it along, and you'll have it back. Is or is not this the best method? We should like to see the Lenders' Association take this matter up and settle it once for all.

Take car lenders. Does or does not the fact that you lend a friend your car make it also necessary for you to provide the gasoline, and should you be responsible for the chickens, flivvers and other flora and fauna that he may destroy in the course of his trip?

Would it be ethical to drain the gas tank of all but a pint or two just before lending your car to a friend, and then tell him about it, or let him find it out for himself? So far as we know, no one ever borrowed a car and forgot to bring it back, so this matter needn't be taken up right now, but we would like to have this matter of the gasoline settled.

When people borrow our silver candlesticks and our silver pie platters, when they're giving a party, and we shine them all up so that they will look well and do us credit, is it fair to us lenders that the borrowers should hang on to them for three or four weeks after the party, only returning them when the polish has begun to dim? Isn't it the least that the borrowers could do for us lenders to let us enjoy the shine on our own candlesticks and our own pie platter? We think so. Or, at least, if they keep them for weeks, they ought to give them another shine before sending them on the return trip.

On Lending Money

And greatest of all—how much money do we have to lend a person before we can ask for it back? If anybody borrowed $100 from us—which they never have, for reasons best known to ourself—we would go boldly up to them, if they showed signs of being forgetful, and ask them to please come across—same as the United States just did to those none European nations.

But if a person just borrows 50 cents off us, and forgets to pay us back, what then? Are we allowed to hint a little, if not ask outright? And what about lending stamps? Has the Lenders' Association any way of fixing it so that a person can collect stamps that other people have borrowed, and thus get together so many stamps that he might almost be accused of having stuck up a post office?

It seems like a person always waits until a letter is finished and addressed before he thinks of stamps—then he says, "Got a stamp?" No one ever seems to have the impulse to write a letter and a stamp at the same time. Can't the Lenders' Association do something about this?

If it wasn't for it all having happened so long ago, we should certainly ask the association to take some mighty serious action about that gent in history who said, "Friends, Romans, countrymen—lend me your ears!"

We have heard of people asking to borrow just about everything else in the world, and getting it too—but to ask a group of friends to lend you their ears certainly seems going pretty far. However, we suppose it is too late to do anything about this.—*Indianapolis Star, May 19, 1925.*

MORE ABOUT RYAN'S BOOK

Are our present usury laws adequate? Should legislature attempt to fix the maximum rate of interest?

Franklin W. Ryan in his book USURY AND USURY LAWS attempts to work out the answers to these perplexing questions. The value of his effort is expressed in part in the following telegram sent to Colonel Hodson by Reginald Heber Smith: "I have just examined the page proof of Ryan's book. Every member of the American Industrial Lenders Association will enjoy reading it because it is a statement of the truth by an impartial scholar."

Several dynamic questions are involved. The business man wants to get rid of the old anachronistic usury laws now on the statute books of forty-three of the States. The social worker and legislator wants to get rid of the loan sharks. The legitimate small lender wants to make a fair profit on his operations. The abstract economist wants to know why usury laws are still kept in force in spite of the generally accepted theory of interest that money rates are determined solely by economic laws. After a brief historical approach and an analysis of the problem of usury into its constituent elements, the author works out the answers to all these questions.

Mr. Ryan advocates the Uniform Small Loan Law as the remedy which will eliminate loan sharks and moral usury and yet still allow the uninterrupted interplay of economic forces. He shows how successful this law has been in those states which have enacted it. And he points out how this law with its administrative features satisfies not only the economic theorist but also the expert in legal practice and governmental science.

USURY AND USURY LAWS won the first prize of $1,000 in the Hart, Schaffner and Marx competition of 1923. It is an exhaustive, authoritative, and constructive discusssion of a vital problem. Everyone interested in the eradication of the loan shark evil will find this book indispensable to his library.

MASSACHUSETTS

The Annual Meeting, was held Thursday, October 8, 1925, at Young's Hotel, Boston, Mass.

In the absence of the chairman who is ill, Vice-Chairman, J. R. Watson presided. Twenty-one members and friends were present.

Calling of the roll gave out the following members and friends present: D. J. Wholey, American Loan Company Lowell; Mr. Moore, Mr. Frank, C. C. Rock, of Boston and Mr. Klein of New York, all of the Beneficial Loan Society; Mr. Vandermace, Personal Finance Company of Cambridge; Mr. Preble of S. R. Briggs Company of Boston; Mr. Greenman of the VanDam Loan Company; W. J. Baldwin, Hub Loan Company; B. W. Parker, School St. Loan Company; Mrs. Goguen also of the School Street Loan Company; Mr. Noteman. Childs & Company; G. A. Ingalls, City Loan Company; all of Boston, and J. W. Prairie and H. J. Desormaux of the American Loan Society, Inc., of Worcester and New Bedford respectively; A. E. Viets, New Method Loan Company of Springfield; and Mr. Sauve of New Bedford, Mr. Youngerman of Fall River, and Mr. H. P. Stephenson of New Haven, all of the New England Equity Corp.

Secretary's Annual report:

Number of members in the association beginning of year	21
New members during the year	8
	29
Member resigned	1
	28

Number of members in the association, October 8, 1925, 28.

The officers' reports were all accepted as rendered.

The chairman appointed Mr. Wholly and Mr. Viets as an auditing committee and after going over the treasurer's reports and books, found his records to be correct.

Mr. Klein of New York addressed the meeting regarding the organizing of Exchange Bureaus in Massachusetts. Several of the members agreed to meet him and hold a conference at noon on Friday, October 9th, to discuss the matter.

Every member was requested to send a copy of each paper used in the making of loans, to the secretary, so that we may work out Uniform Papers to be used by every licensed lender in the state.

The secretary was instructed to write to the families of Mr. R. McConville, formerly of the Kilby Investment Company, Boston, and of Mrs. A. L. Parkman of Brockton, both of them members who died recently. Resolutions were written and sent offering the sympathy of every member of the association.

The report of the delegate to the convention at Providence was read at this time.

It was voted to accept the resignation of G. A. Ingalls, City Loan Company, Boston, for the reason that he is closing out his business and is not a licensed lender.

The Executive Committee during a recess, elected the following members to serve as officers for the coming year:

Chairman, H. J. Desormaux, American Loan Society, 96 William St., New Bedford, Mass.; Vice-Chairman, J. R. Watson, New England Equity Corp., 19 Pearl St., Boston, Mass.; Treasurer, A. E. Viets, New Method Loan Company, 318 Main St., Springfield, Mass.; Secretary, C. C. Rock, Beneficial Loan Society, 73 Tremont St., Boston, Mass.

The Executive Committee consists of the four officers and the following members:

B. W. Parker, School St. Loan Company, 27 School St., Boston, Mass.; G. R. Alcott, Columbia Loan Company, 262 Washington St., Boston, Mass.; W. J. Baldwin, Hub Loan Company, 262 Washington St., Boston, Mass.

The following members were elected into the association:

New England Equity Corp., 277 Main St., Springfield, Mass.; Personal Finance Company, 580 Massachusetts Ave., Cambridge, Mass.

Several members addressed the meeting regarding the Exchange Bureau, also on the matter of Uniform Papers which will be decided and acted upon at our next meeting which will be held on Thursday, January 21, 1926, at 1:00 P. M. at Young's Hotel, Boston, Mass.

The new chairman at this time occupied the chair, thanked the members for the honor bestowed upon him and said he will endeavor to carry out the workings of the office in the same manner the secretarial work was carried on by him for four years.

It was voted to adjourn until January 21, 1926.

REPORT OF THE MASSACHUSETTS DELEGATE TO THE ELEVENTH ANNUAL CONVENTION OF THE AMERICAN INDUSTRIAL LENDERS ASSOCIATION

When I started to Providence to the Convention I felt that I had had a heavy responsibility shoved off onto me and consequently I strained my ears during the whole convention to catch every word that was said, thinking I had to come back to Boston and write a detailed report to be read at this meeting. But when I read the LENDERS NEWS, a few days ago, I found that it had stolen all of my thunder by giving an excellent account of the Convention, so if you want to see what my report was *going* to be, you can read it in the NEWS.

However this is the first opportunity I have ever had to make a speech and now that you are all in a good humor, after this generous lunch, I feel that this is as safe a time for me to make my maiden attempt as any I shall ever have; I always said I'd try most anything once—so am going to give you *my impressions* of the Convention.

I felt a good deal like a freshman at college, down there with all those old timers and their earnestness and evident desire to improve our business in every way made a deep impression on my plastic mind. They convinced me that the destinies of our National Association are being shaped by most competent men and that the work being done by them is of great value to every one of us here. I was particularly impressed, in the private sessions of the Nominating Committee, by the earnest effort of all members to pick the most capable man for each position, regardless of his affiliation, nationality or creed.

Our National Association is a strong, healthy organization and is growing better every year. During the past year 62 new members were enrolled. The Publicity Committee caused to be published 111 educational articles on our business, totaling 18,000 lines, appearing in 72 cities in papers with a circulation of 5 millions.

The National Treasurer reported that he had $9,300 on hand after having spent $13,000 for legal services and advertising.

Mr. Kehr reported that there were 471 members in the Association.

Three state legislatures adopted the Uniform Law during the past year and largely because of the work done by the National Association.

We are likely to feel that the National Association is of little direct benefit to our own little business but I am convinced that the Small Loan business would not be what it is to-day if it had not been for the consistent work done by the Association and I feel that the future safety and progress of our business is largely dependent upon the strength and activity of the Association.

The next convention will be held in Cleveland and if you will take my advice you will meet me there, not only to hear of our business from a national standpoint but also to have a good time.

I thank you.

Respectfully submitted,
J. R. WATSON.

TENNESSEE

Here is copy of the opinion of Attorney General of Tennessee to the Governor, written while the bill was pending for signature, in response to inquiry of the Governor.

It occurs to us that this may be a matter of special interest for you to publish, but be sure and return this paper to us as it is the only copy we have.

The cities of Memphis, Knoxville, Nashville and Chattanooga are splendid cities. If any desire to enter there, Beneficial Operating Bureau will be glad to furnish forms and otherwise coöperate with any reputable lenders. In such event we feel those who do enter the state ought to make some contribution towards the legitimate expense of securing enactment of the small loan law. That is a fair way and it seems to us none ought to object to it.

Very respectfully,

Clarence Hodson, *President,*
Beneficial Loan Society.

Nashville, Tennessee,
March 30, 1925.

Governor Austin Peay,
Executive Chamber,
Nashville, Tennessee.

Dear Sir:

I have your letter of March 27th, enclosing a copy of Senate Bill No. 355, which is a bill to regulate the loan business and known as the "Small Loan Law." In your letter you say:

"Will you be so kind as to look carefully into this bill and let me have your opinion as to its validity, and your opinion in general regarding it, I will be obliged to you."

You then say you have until Wednesday.

After you submitted the bill to me, Mr. Sam E. Whitaker, of Chattanooga, and Mr. Thos. A. Shriver of this city, both came in and discussed the bill with me, and Mr. Shriver has just notified me that this is the last day you have. Mr. Shriver also submitted to me a letter and a brief, which I hand you herewith. The letter gives somewhat of a history of the causes which led up to the passage of a similar bill to this in other states. The brief deals with the constitutionality of the Act.

I have examined all of the cases cited in Mr. Shriver's brief. Article XI, Section 7 of our Constitution provides:

"The legislature shall fix the rate of interest, and the rates so established shall be equal and uniform throughout the State, but the legislature may provide for a conventional rate of interest not to exceed ten per cent (10%) per annum."

A law similar to this was passed in 1905, applying only to counties of 50,000 population or more and, because of this constitutional clause, it was held to be void; that is, it did not apply equally and uniformly throughout the entire State.

This Act is not subject to that infirmity. I think the crux is to be found in section 13. This permits the charging of one-half per cent (½%) per month on all loans of $300 and less, which would be six per cent (6%) per annum, or the regular rate of interest prescribed by law in this State. But the section provides that the licensee may charge and receive for investigating the moral and financial standing of the applicant, investigating the security, title, etc., and for other expenses and losses of every nature whatsoever, and for closing the loan, a fee equal to three per cent (3%) per month of the principal sum loaned over the term of the loan, but both interest and fee to be computed upon the unpaid balance of the principal due at the end of each month over the life of the loan.

The sole and only question as to the constitutionality of this Act is whether the Court would hold that the charging of these fees was merely a cloak for usury or a subterfuge to avoid the usury laws of the State.

It seems to me that in loans of this character a reasonable fee might be allowed for the investigation of the moral standing of a man as well as his financial standing, and also the security or want of security which he would be able to give as well as the title to any property which he would put up as security. In other words, while there may be some doubt as to the constitutionality of the Act, yet I do not think it sufficient to justify its veto. In other words, in my judgment, you would be warranted in giving the Act the benefit of the doubt, and requiring the question to be determined by the courts.

Now, as to the other features of the Act. What effect it would have in the smaller counties or, rather, counties where there are no large centers of population, I am unable to say. In my opinion it would have a very beneficial effect in the four larger counties because the Act subjects those engaged in the business to rigid investigation by the Banking Departmnet of the State, as well as heavy penalties. I know of but one other place in the State where, in my opinion, it would have any appreciable effect and that would be in Paris, Henry County, where the L. & N. Shops are located and where there are a large number of railroad employes. While I am not familiar with that local situation, it seems to me that the Act would apply very beneficially as it would here at Nashville.

I am also handing you herewith copy of a General Form of Uniform Small Loan Law from which, I assume, this Act was copied, changed, of course, to meet our constitutional requirements. I am sending these papers to you by hand.

Yours very truly,

Frank M. Thompson,
Attorney General.

WEST VIRGINIA

The semi-annual meeting of the West Virginia Industrial Lenders Association, was held in Charleston, at the Hotel Ruffner, Thursday, October 8th.

There were sixteen in attendance including visitors from other states who were, C. G. Liggett, Dayton, Ohio, A. K. Dolliver, Baltimore, Md., and R. C. Aufderheide of Indianapolis, Ind.

Members present were: F. H. Withrow, Capital City Loan & Investment Co., R. L. Bibby, Peoples Loan Co., W. B. Grimes, Commonwealth Loan Co., W. P. Gore, United Loan & Realty Co., C. E. DeLotell, Personal Finance Co., all of Charleston, Lloyd Rice, Community Finance Service, A. M. Arthur, Personal Finance Co., L. C. Withrow, Commonwealth Loan Co., Glen Meadows, Monarch Loan Co., Citizens Loan Co., all of Huntington, Delmont Jeffers, Community Finance Service, Parkersburg, and H. L. White, State Loan Co., Wheeling.

The secretary reported thirteen members in good standing and all dues paid to January, 1926. The treasurer reported total receipts for the year 1925 as being $325. Total disbursements to October 8, 1925, were $236.78, leaving cash balance of $88.22.

With reference to the last ruling of the Attorney General on the License Tax question, namely that the lenders would have to pay the tax, this was in direct conflict with the first ruling obtained from the Tax Commissioner. The Law which provides for a tax on Money Brokers and Private Bankers, does not, in the opinion of our members, cover the small lender, therefore it was decided to withhold paying this tax until further notice from the Tax Department.

The Chair appointed Mr. F. H. Withrow as Chairman of the Membership Committee. The following were selected by Mr. Withrow to assist on this committee, Delmont Jeffers, H. L. White, Sam Wormser and L. C. Withrow.

The morning session was then adjourned for luncheon, after which the meeting was again called to order promptly at 2:00 o'clock P. M. The afternoon session opened with an interesting report on the National Convention by Delegate Withrow. Following the report to Mr. Withrow, Short talks on the different phases of the small loan business were given by C. G. Liggett, A. K. Dolliver and R. C. Aufderheide, which proved instructive and interesting.

In view of the fact that the association's funds are very low, it was moved by R. C. Aufderheide, that the secretary write each member, asking that they pay more than the present minimum dues, ($20.00) for the year 1926, but not to exceed $50.00. It was voted that this idea be followed out and the following pledged to pay the maximum dues of $50.00 for each office operating in West Virginia: R. C. Aufderheide, Commonwealth Loan Co. (2 offices), C. G. Liggett, Beneficial Operating Bureau (3 offices), Lloyd Rice, Community Finance Service (2 offices). Others pledged to pay over Twenty Dollars.

It was voted that our next meeting would be held in Charleston, Thursday, March 18, 1926, at the Hotel Ruffner. It was also voted that after the business session, a banquet would be held and entertainment furnished. It was suggested that some of the public officials be invited to the banquet, the object being to promote a mutual understanding and friendly relationship with the heads of the departments. The Chair appointed W. B. Grimes as Chairman of the Entertainment Committee.

Under the business of nominating and electing new members, the secretary presented R. L. Bibby, Peoples Loan Co. of Charleston, who was duly elected to membership.

The following members were elected to the Executive Committee: H. L. White, Sam Wormser, W. P. Gore, W. B. Grimes, Lloyd Rice, F. H. Withrow, A. M. Arthur. Officers for the ensuing year were: H. L. White, Chairman, Sam Wormser, Vice-Chairman, W. B. Grimes, Secretary, W. P. Gore, Treasurer.

NOTE CORRECTION

I wish to make a correction of the item appearing on page 12 of the September issue of the News, relative to the ruling of the State Tax Commissioner. I have the original letters from the Tax Commissioner and also from the Attorney General, and it is the opinion of both that the lenders will have to pay the State and City Tax. The first ruling obtained from the Tax Commissioner exempted us from the tax, but a later ruling reversed opinion number one. Wm. B. Grimes,
Secretary,
West Va. I. L. Assn.

A meeting of the National Executive Committee will be held at the rooms of the Russell Sage Foundation, in New York, Monday, November 16th.

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 5. NOVEMBER, 1925. Price, $1.00 a year.

MEETING SCHEDULE

RHODE ISLAND—Providence, December 17, 1925, 7:30 P. M., Biltmore Hotel.

GEORGIA—Atlanta, January 12, 1926, 7:30 P. M. Capital City Club.

TENNESSEE—Memphis, January 15, 1926.

MASSACHUSETTS—Boston, Mass., January 21, 1926.

NEW JERSEY—Trenton, N. J., January 21, 1926.

MICHIGAN—Saginaw, April 15, 1926.

LOAN GOUGERS ROB POOR OF $100,000

Col. D. H. Pond, President of Ohio Lenders, Calls for War on Usury

Illegal loan agents are robbing Cleveland poor people of at least $100,000 a year.

This charge was made yesterday by Col. D. H. Pond, president of the Ohio Industrial Lenders' Association.

In coöperation with the Legal Aid Society, the state department of securities, the Better Business Commission and the city law department, the association has declared war on persons who lend money at illegal rates of interest.

There are fourteen licensed chattel loan agencies in Cleveland and these make approximately 24,000 loans a year, according to Col. Pond. The average loan is for $125. These companies are allowed to charge 3 per cent. interest a month on loans over $25 and 5 per cent. on loans of $25 or less.

Scores of instances have come to the attention of Col. Pond and the Legal Aid Society of unlicensed lenders exacting as high as 100 per cent. interest on short term loans. These are some of the devices used to collect exorbitant interest, according to Col. Pond:

BUYING the borrower's automobile and selling it back to him at a higher figure.

DEMANDING bonuses.

REQUIRING the borrower to buy stock in the loan company or take out life insurance from the agent making the loan.

TAKING assignments of salaries, generally at a 10 per cent. discount every two weeks.

Complaints to the Legal Aid Society have been so numerous recently that H. L. Kime, examiner in the state securities division, has been assigned to make an investigation in Cleveland.

Walter T. Dunmore, dean of Western Reserve university law school and president of the Legal Aid Society, believes extension of credit is responsible for the increase in complaints of illegal interest.

THE LIBRARY OF THE

Dean Dunmore called attention to a law passed at the last session of the legislature which permits 10 per cent. of a debtor's wages to be attached on any kind of a claim and 20 per cent. where the claim is for necessaries. Previous to July 21st, when the law went into effect, a 10 per cent. attachment could be made only on a claim for necessaries.

"Thousands of people who before could not be forced to pay now find they must pay if they work," said Dean Dunmore. "At a time when there is every encouragement for the man of small means to over-extend his credit, the seller is given a more powerful weapon to compel payment."

Col. Pond said the licensed loan agencies are expecting a big increase in applications for loans next spring as a result of the new law.

Persons who obtain chattel loans can protect themselves by demanding to see the licenses of the individuals they are dealing with.

A firm or individual who has no license may not legally ask more than 8 per cent. interest a year. If an unlicensed lender makes loans at a higher rate, he can recover the principal in a court action, but only 6 per cent interest.

If a licensed loan agency charges more than 3 per cent. a month, the lender loses interest and principal, according to Col. Pond.—*Cleveland Plain Dealer, Oct. 20, 1925.*

WARNS AGAINST LENDING MONEY ON DEBT SLIPS

Banking Superintendent Says Ohio Concerns Violate Law

(TIMES-STAR SPECIAL DISPATCH)

COLUMBUS, O., September 15.—H. E. Scott, state superintendent of banks, has opened fire upon individuals and corporations in Ohio, not under supervision of the banking laws, accepting money from the public in return for certificates of indebtedness, interest-bearing notes or other evidences of debt. Mr. Scott warned the public against buying such evidences of debt.

"It recently came to our attention," he said, "that several corporations, engaged in the business of lending money upon chattel or wage security, or upon second mortgages, were soliciting money from the public to use in its operations and were issuing, in receipt for its deposits with them, certificates of indebtedness, interest-bearing notes or other evidences of debt. The department obtained several such certificates and the advertising matter issued by these concerns, and submitted the entire proposition to the attorney general. He ruled that such practice constituted accepting deposits in violation of the banking law.

"Not authorized to do a banking business, nor organized nor conducted under the safeguards which the law throws about the banking business in this State, these concerns have been operating banks. The law on this point is clear. The only institutions authorized by Ohio law to accept deposits are banks, building and loan associations and title guaranty and trust companies.—*Cincinnati Times, Sept. 16, 1925.*

[It should be understood that members of the Ohio and American Industrial Lenders Associations are not guilty of the practice referred to above.—ED.]

COMPANY HOLDS ITS CONVENTION

Legal Loan Company Has Interesting Program

Twenty-three years ago the Legal Loan company was organized in Marion, with a single office and assets of approximately $10,000, and to-day the same organization has twenty-two offices and assets of approximately two million dollars, and this astounding record of achievement was strongly illustrated by the size of the seventh annual meeting of the organization which opened in this city yesterday.

Many in Attendance

More than sixty representatives of the company are here for the meeting, which opened Thursday noon.

Erle S. Kinnear addressed the visitors in the afternoon, giving a most eloquent and forceful talk on "Opportunity." The speaker spoke of the individual chance for success.

Thursday evening Attorney Allan Messick spoke at a dinner on the subject, "The Merit Badge of Service." Mr. Messick emphasized the rewards and satisfaction which come from service well performed, and gave a most entertaining and helpful address. The Doc Peyton orchestra furnished music, and Lew Tukey sang beautifully.

This morning at a business session President Charles E. Hutchins of the Kiwanis Club speaks on "Personality,"

INDUSTRIAL LENDERS NEWS

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 807 Grace-American Bldg., Richmond, Va.

Treasurer, C. H. Watts, 135 Broadway, New York City.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—F. H. Lovegrove, 100 Bank St., Bridgeport.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.

Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—D. J. Cote, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—P. B. Reeves, 406 Keystone Bank Bldg., Pittsburgh.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Va.—E. P. East, 807 Grace-American Bldg., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—C. H. Watts, 135 Broadway, New York City.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

and at a luncheon to-day Judge J. Frank Charles will speak on "Responsibility."

The meeting is in charge of General Manager A. C. Broughman, whose untiring efforts are in a large measure responsible for the company's great success.

The officers of the company are: R. J. Spencer, Jr., president; T. H. Bedell, vice-president; A. C. Broughman, secretary and treasurer. Among those present are W. D. Moore and R. O. Van Winkle, Anderson; G. M. Leapley and H. M. Bragg, Connersville; H. O. Stone and Edith O. Ward, Crawfordsville; D. T. Hurry and Rosanna Bennett, Delphi; R. L. Watkins, William L. Shick and Geraldine C. Brower, Lafayette; N. C. McCallum and Hazel Caldwell, Lebanon; D. T. Hurry, H. B. Hawthorne, Wayne Lindburg and Gertrude Garrigus, Logansport; H. E. Arnett, F. L. Walters, Verda Snail and Nanette Kaufman, Marion; E. W. Bauer and Esther Thurwacter of Peru; C. W. Brewer and Helen Mertens-Rau of Rockford, Ill.; H. T. Spruce, Ralph Stoner and Rosetta Yoder of Elkhart; C. B. Sloan, A. C. Edwards and Vera L. Sheets of Frankfort; G. A. Long, W. C. Meyers, Beulah M. Baker and Laura Scheffer of Fort Wayne; R. M. Fryer and Cleo Burnworth of Hartford City; G. L. Stump, William P. Scheerer and L. Bernice Sparks of Huntington; Fred Davies, Raymond Ziegler, William E. Custer, Ruth Wickersham, Edith Cornell and Mildred L. Stevens of Kokomo.

The company's headquarters are in Marion.—*Marion Leader Tribune, Oct. 23, 1925.*

COMMUNICATION

312 Guaranty Bldg.,
Indianapolis, Ind.
October 22, 1925.

Dear Mr. Kehr:

I was agreeably surprised to receive the gold medal awarded to me at Providence for "Distinguished Legislative Service." It is indeed a beautiful medal and I wish, at this time, to express my sincere thanks and appreciation to the Association and to the Executive Committee.

At the time Mr. Harbison asked the convention to award me with a gold medal because of the success of the West Virginia legislative campaign, I was under the impression that it was done in a spirit of levity; otherwise I should have objected strenuously because I know that I did not do any more than has been done many times before and by men deserving greater credit than will ever be due to me.

I think a leather medal would have been more appropriate, but if I am entitled to a gold medal, I am sure that there are some in our national organization who should be awarded a diamond medal. However, I appreciate this high honor more than I can express, and I hope that this is the nucleus of an idea which will result in awarding many more gold medals for "Distinguished Legislative Service."

Will you kindly convey to the Executive Committee of the American Association my appreciation.

Yours very truly,
R. C. Aufderheide.

[Who will be the next to receive the D. L. S. Medal?—Ed.]

COLUMBUS LENDERS ORGANIZE

The loan men in Columbus, Ohio now have an Association which to this time is only about an 80% organization. We have ten lenders in Columbus who make a business of chattel loans. There are three or four who do auto and industrial financing and who also make some chattel loans, all of whom we expect to get into our Organization a little later on.

We are known as the Columbus Industrial Lenders Association. We are to meet monthly at the offices of the Ohio Finance Co., 43 W. Long St.

Even though we are only about two months old we already have enjoyed considerable benefit from our meetings. The *Ohio State Journal* is carrying a serial story styled "The Man with Three Names." When we loan men got to exchanging information we found there were quite a few of that kind in Columbus, and that most of them had a loan under each name.

Some of the companies were patronizing one credit agency and others obtaining information through a second, and still others were using no credit ratings at all. It is our aim in a very short time to all gather information through the same credit bureau which will be the best substitute for a loan exchange, which we really hope we can have a little later on as soon as the boys are all sold on the proposition.

Our Wednesday noon luncheons are bringing us all closer together which is helping the loan business in Columbus considerably.

O. G. Robinette of the Beneficial Loan Society is our secretary. Would like to exchange ideas and information with other organizations of a similar nature with a view of bettering ourselves if possible.

Columbus Industrial Lenders Asso.

AN UNSOLICITED LETTER FROM A SATISFIED CUSTOMER

Dear Sir:

I have your favor of this date for which I thank you.

I appreciate the opportunity which your wonderful service has held out to me.

After one has established an approved credit with you, it gives one a feeling of security. It is a banking system much better for the people who are in need from time to time in business than savings account. One just will not systematically save the same amount and when business is poor and trouble and illness come they draw on the reserve and soon it is gone.

I cannot thank you sufficiently for what assistance you have rendered me.

I have one friend who may send in a request when I come to see you a month hence. I shall not recommend any save those whom *I know* can and will promptly meet the notes.

Gratefully yours,
Satisfied Customer.

EXCHANGE

An interesting account about the Russel Sage Foundation appears in the September-October 1925 issue of the *Old Colony Magazine.*

THAT RAINY DAY

When the need for money arises it usually is very urgent—for necessities during a period of illness—to meet obligations that must be paid on a specified date—for cost of transportation to go to the deathbed of a relative—or for any one of numerous perfectly good reasons.

They cannot get the money from a bank. They have no collateral.

After we have loaned them the necessary amount they express their heartfelt thanks that they can get money to meet such emergencies at a rate of interest prescribed by law as being fair to both borrower and lender and thus obviate the necessity of patronizing loan sharks.

We want executives to know that the members of this association are organized to meet the needs of your employees requiring financial assistance in sums from $10 to $300.

Every transaction is handled on a straightforward business basis by men of high character and under the supervision of the Department of Trade and Commerce of Illinois.

For list of members refer to Sub-division 55 [page 695] of your Chicago Association of Commerce Blue Book.

ILLINOIS INDUSTRIAL LENDERS
ASSOCIATION.

[Copy of a page ad in *Chicago Commerce*.]

FLORIDA

We are sending you herewith copy of Florida loan license issued to the Personal Finance Company of Jacksonville, which please return to us without fail as it is the only copy we have. We thought this would be of interest to you.

It might be well to publish the fact that Florida is an attractive field, and the Beneficial Operating Bureau, New York City, would be very happy to furnish copy of forms and other details. The rate is 3½%.

It seems to me any who do enter it should give a contribution to us towards legitimate expenses in securing enactment of the bill.

Very respectfully,
CLARENCE HODSON,
President Beneficial Loan Society.

[*Copy of Florida License.*]

BANKING DEPARTMENT STATE OF FLORIDA

No. 1

Office of Comptroller, Tallahassee, Florida

WHEREAS, Personal Finance Company of Jacksonville, a corporation doing business under the name of Personal Finance Company of Jacksonville, located at Jacksonville, Florida, has complied with all the provisions of Chapter 10177, Laws of the State of Florida, before being authorized to commence the business of making small loans of three hundred dollars or less, Now,

Therefore, I, Ernest Amos, Comptroller, of the State of Florida, by virtue of the authority vested in me by said Chapter 10177, certify that the Personal Finance Company of Jacksonville, in the County of Duval, and the State of Florida, is authorized to commence the business of making small loans of three hundred dollars or less, under the name above given. License renewable March first of each year.

Given under my hand and seal of office, this first day of September, A. D., One Thousand Nine Hundred Twenty-five.

[SEAL] ERNEST AMOS,
Comptroller, State of Florida.

AUTO FINANCIER CONVICTED

The case of the Commonwealth vs. Horace L. Oppenheimer, President, Auto Security Company, Inc., 214 North 15th Street, Philadelphia, Pa., was called for trial before Judge Stern on Monday, October 19th, and, after a plea of nolle contendere had been entered and all of the evidence submitted, a fine of $250 was imposed for engaging in the small loan business without a license, which is required by the Pennsylvania Small Loans Act of June 17, 1915, as amended June 4, 1919. The defendant was also ordered to pay back all money charged in excess of six per cent per annum on the transactions involved.

This case was prosecuted by the Department of Banking and is of special interest because it is the first case pressed by the Department against an officer of a company making loans on automobiles as security. The defense endeavored to show that in each transaction the automobile was purchased by the company and re-sold under lease to the borrower. This subterfuge, however, had no weight whatsoever with the court.

We are indebted to W. F. Buck for the following account of the case:

"I have for acknowledgment, your letter of October 20th asking information, relative to the case of the Banking Department of Penna. vs. The Auto Security Corporation, 220 N. 15th Street, Philadelphia, H. L. Oppenheimer, President.

"On March 10, 1925 I called at the office of the above Corporation, and requested information as to whether they made loans on automobiles to residents of New Jersey (I living in that state) and was told that they did, and to bring my car over for them to see.

"On March 11th I took my car over, and after comparing my car number and motor number, was told that I looked all right and they would make the loan of $150, the amount asked for. I was told that I would be required to pay back $210 in 21 weekly installments of $10.00, to which I agreed.

"On March 17th I mailed them a check for $10.00, and on March 24th another check for like amount, marking on same, first and second payment on loan respectively. On March 31st I mailed a check for $190 marking "Final payment on loan," all of which were accepted and deposited in their bank.

"This made $60.00 interest which I was required to pay for a loan of $150 for three weeks, being overcharged $56.54 at 3½% per month or at the rate of 680% per year.

"Oppenheimer was arrested and appeared before Magistrate Fahnestock on April 28th at which time he waived a hearing. Some time in June I appeared before the Grand Jury, along with two other parties who were appearing against him for the same offense, and a true bill was found against him.

"The trial was held on Monday, October 19th before Judge Horace Stern in the Court of Oyer and Terminer and at that time through his counsel pleaded nolle contendere. After hearing all testimony Judge Stern ordered Oppenheimer to return all interest in excess of 6% per annum on $450.00 of loans (the amount of the three) which amounted approximately to $150.00 and fined him $100.00, admonishing him that the next offense would call for a prison sentence.

"During the noon recess, Oppenheimer's counsel made an effort to have the charge withdrawn, which was refused, he stating later at the trial that these were the three isolated cases on their books where they had loaned money on cars already paid for, but we know of another case to the contrary.

"One of the witnesses against Oppenheimer, stated that he had made an effort to have his interest reduced, which was refused and that his car had been seized on the street.

"He also stated that at the time of his application, he requested a loan of $200.00 and was told it would cost him $40.00, which he refused to pay, and a week later when he went back to get the loan, was told that it would now cost him $75.00."

MONEY LENDER FINED FOR TAKING ILLEGAL INTEREST

Horace L. Oppenheimer pleaded guilty before Judge Stern in Quarter Sessions Court yesterday to engaging in the money-lending business without a license and charging a rate of interest of more than six per cent per annum. The defendant, it was testified by William F. Buck, 32 North Fiftieth Street, was president of the Auto Security Company, Inc., 214 North Fifteenth Street, and Buck borrowed $150 from the company, which he had to pay back, with interest, in sums of $12.00 a week for 23 weeks or $126 as interest.

This being the defendant's first offense, Judge Stern fined him $250. The law provides for a term of imprisonment for a second offense of the kind.—*Phila. Record, Oct. 20, 1925.*

SKIP ACCOUNTS

Endorsing Mr. Thuma's lead, the Dayton, Ohio lenders welcome skip accounts of all members of the A. I. L. A. The Dayton lenders are continuing their publicity campaign on credit which Mr. Burwell, the secretary of the local association, says has proven worth many times its cost.

CONNECTICUT

The fall meeting of the Connecticut Association was held at Hotel Taft, New Haven, October 21st. Vice Chairman O'Brien, presided, owing to the illness of Chairman Lovegrove.

At the suggestion of the Chairman, Mr. Zimmerman made a motion, which was seconded by Mr. Carlson, that the Waterbury members of the Association act as a committee and call on Mr. M. J. Connors, at the hospital where he is confined, and extend sympathy to him,—as well as to present him flowers, which are to be paid for by the Association.

The Chairman introduced C. C. Coleman, Secretary of the New Haven Chamber of Commerce, who spoke of the exchange service with loan companies, and that it could only be worked successfully by each having confidence in the other.

Mr. Stephenson of the legislative committee reported that nothing had transpired since the last meeting.

The Chairman of the Membership Committee, T. C. O'Brien, wrote all non-members regarding the meeting, but only had replies from six,—four of whom were present. On motion of Mr. Zimmerman, which was duly seconded, the report was accepted and placed on file.

The Chairman called upon the following as to new members in their cities: A. L. Carlson, Waterbury; H. G. McMullin, Hartford; D. W. DeGray, New Britian; J. A. Brennan, Stamford; F. W. Hawkinson, Meriden.

Under Unfinished Business—Mr. Scarpa stated that nothing had been done regarding the two unlicensed lenders at Stamford, as he did not know the names or addresses of same.

Those present included the following: H. P. Stephenson, New England Equity Corp.; A. G. Zimmerman, Beneficial Operating Bureau; H. J. D'Esormaux, Chairman, Mass. Ind. Lend. As.; C. C. Coleman, Secretary, Chamber of Commerce, New Haven; Mr. Riccio, Silver Loan Soc., New Haven; Mr. DeSanto, Fair Haven Co-Op., New Haven; A. Rosario Giaimo, Sons of Italy, New Haven; T. C. O'Brien, Equit. Ind. Loan S., New Haven; H. G. McMullin, Equit. Ind. Loan S., Hartford; R. W. Roberts, Equit. Ind. Loan S., Bridgeport; A. L. Carlson, Equit. Ind. Loan S., Waterbury; H. M. Dunbar, N. E. E. Corp., Norwich; A. J. Burchard, N. E. E. Corp., Waterbury; E. A. Sanderson, N. E. E. Corp., Hartford; L. Scarpa, N. E. E. Corp., New Haven; R. Bumsted, N. E. E. Corp. Bridgeport; L. Merritt, Beneficial Loan Soc., New Haven; A. Murchie, Beneficial Loan Soc., Bridgeport; S. Sterry, Beneficial Loan Soc., New London; D. W. DeGray, Beneficial Loan Soc., New Britian; J. S. Farrell, Beneficial Loan Soc., Waterbury; F. W. Hawkinson, Beneficial Loan Soc., Meriden; J. F. Brennan, Beneficial Loan Soc., Stamford; Miller, Beneficial Loan Soc., Hartford; Pape, Beneficial Loan Soc., Norwalk; D. Johns, Personal Finance Co., Ansonia; A. Plummer, Personal Finance Co., Bristol; R. C. Bernhardt, American Loan Co., New Haven; J. G. Reuter, Newark Cash C. Co., New Haven; A. Berman, National Loan Co., Hartford; A. Kanter, United Loan Corp., Bridgeport; J. Miller, Fidelity Loan Corp., Bridgeport.

Under New Business—A discussion on credit clearing bureaus was brought before the meeting. A. G. Zimmerman, representing the American Loan Co., Beneficial Loan Soc. and Personal Finance Co., spoke on the good that they had received from same, and pledged the support of all their offices in starting exchanges where they have none at the present time, also in coöperating where exchanges now exist.

Mr. Berman, of the National Loan Co., Hartford, spoke of having located skips through the bureau there, also saved money by finding that parties had loans elsewhere. The rate in Hartford is $100 per year for unlimited number of reports, which included not only the information regarding loan companies, but also all information they have on files from other sources.

In answer to questions by Mr. Stephenson, it was brought out that the cost in Philadelphia was $16.35 per month for maximum offices, but that they could pay on the outstanding balance. In Providence they have not settled on a rate yet as the exchange was only recently started. Mr. D'Esormaux stated that in New Bedford they pay only $25.00 per year for unlimited number of reports which includes all information from the 175 members of the Bureau.

Regarding an exchange in Bridgeport, Mr. Murchie stated that they have had no success as yet, as the members do not seem to have faith in each other. He had taken the matter up with the Chamber of Commerce, who had agreed to operate the exchange for $100 per year, which included only the loan service.

Remarks were made by A. G. Zimmerman, T. C. O'Brien, H. J. D'Esormaux, and C. C. Coleman in reply to question of Mr. Stephenson, "How the exchange would affect the small lender?" It was the unanimous opinion of all speaking that he would derive as much, if not more benefit than the large lender, as it would protect him from making loans to those who were already tied up with large amounts in other companies.

Mr. Dunbar stated that there were but two companies in Norwich, and that they frequently call each other up regarding applications.

Mr. Fasano spoke of the work they had been doing trying to have the different Italian companies exchange all applications, so as to keep the borrowers from being overloaded.

Mr. Riccio expressed his pleasure at being present, but as he was there in place of Mr. Silver, was not very familiar with the exchange system.

An invitation for all members having skips and collections in Massachusetts to send them to the Massachusetts secretary, was given by Chairman D'Esormaux.

The Secretary read a telegram from the National Chairman, Edgar P. East, expressing his regrets as being unable to be present with us.

The question of having a Tri-State meeting was brought up by Mr. O'Brien.

Mr. D'Esormaux stated that the reason for voting against it in Massachusetts was that "in summer they had vacations, and in winter, pressure of business." Also that most of the offices had a limited force, and could not attend the meetings.

Mr. Stephenson did not favor the Tri-State plan, and stated his men would not be present.

Mr. Zimmerman stated that the Beneficial Operating Bureau would have all their men present, if such a meeting was held.

Mr. D'Esormaux stated that he would take it up again with the executive committee of the Massachusetts Association.

H. G. McMullin, *Secretary.*

MAINE

The annual meeting of the Maine Industrial Lenders Association was held at Portland on the evening of October 8, 1925 at the Graymore Hotel.

After the banquet the meeting was called to order by Chairman Snow.

Upon the reading of the roll call, eleven members were present.

Treasurer reported $32.49 on hand.

Mr. Fitzgibbons, Chairman of the Publicity Committee reported that the National Committee were well pleased with work of the Maine Association, and great credit must be given to Chairman Fitzgibbons for his hard and successful work.

The Personal Finance Co. of Lewiston represented by Mr. Bookman were elected members of the Association.

Mr. Zimmerman of New York was present and made some interesting remarks, giving many fine suggestions for the Entertainment Committee and also explaining to the members the advantages of uniform papers.

Secretary was instructed to write Mr. W. M. Crawford of Fairfield offering him any assistance we can and also an application for membership in the Maine Association.

Mr. Charles Bernstein of Bangor gave very interesting talk to the boys on his trip as delegate to the National Convention. We understand that Charles made a great hit at the Convention with his address and we were more than entertained by his repeating same.

The Maine Association will always regret that our Vice-Chairman was unable to be present when the group picture was taken.

It was moved and seconded that Mr. Sager be given leave to withdraw as a member of the Association.

The officers elected for the ensuing year were as follows:

Wesley M. Snow, Chairman; Chas. J. Bernstein, Vice Chairman; Henri S. Crosby, Secretary; M. A. Sulkowich, Treasurer.

Membership Committee: Edward M. Small, Chairman, Chas. J. Bernstein, Thomas Fitzgibbons.

Publicity Committee: Thomas Fitzgibbons, Chairman, Joseph Bernstein, Edward J. Lenon.

Entertainment Committee: Henri S. Crosby, Chairman, Edward J. Miller, George D. Nevens, George Currier.

Henri S. Crosby, *Secretary.*

MARYLAND

The Maryland Industrial Lenders Association held their regular monthly meeting in the Board Room of the Chamber of Commerce on October 13, 1925. Chairman Hood called the meeting to order at 8 P. M.

In the absence of the Secretary, the Chairman appointed Lee H. Pumphrey to act in that capacity.

The following members were present: E. E. Hougham, Atlas Loan Society; W. P. Hancher, J. E. Turner, S. R. Sutton, Glenn S. Knapp, Community Finance Service, Inc.; V. D. Moss, People's Loan Society; H. T. Gatter, A. E. Potter, Household Finance Corporation; E. F. Moore, G. W. Holden, J. E. O'Neill, Jr., Beneficial Loan Society; P. T. Baseman, L. E. Fugitt, J. F. Sommer, People's Loan Society; C. H. Hood, Industrial Loan Society; R. L. Smith, R. A. Long, C. L. Smith, and Lee H. Pumphrey, The Master Loan Service, Inc.

The most important topic for discussion was the Semi-Annual Banquet and dance to be held at the Southern Hotel on November 10, 1925. Chairman Hood reported that our Ex-Mayor Honorable William F. Broening had accepted his invitation to address us, and that he had hopes of securing other prominent speakers for the occasion.

The menu, dance music, and other incidentals necessary for the banquet were decided upon and Chairman Hood was congratulated for his untiring efforts to make the Semi-Annual Banquet a successful affair.

The discussion of the banquet was closed to the satisfaction of everyone present when a motion by Mr. Moss seconded by Mr. Hougham that $5.00 per plate be charged was approved.

Chairman Hood recommended that the application for membership to our Association of the Reliable Loan Service Company, be accepted. On motion by Mr. Hougham seconded by Mr. Gatter, the Chairman was instructed to advise the Reliable Loan Service Company that their application was happily accepted and to request their Manager Mr. I. E. Horowitz to attend our regular meetings and take an active part in our Association.

On motion by Mr. Hougham seconded by Mr. Moss a letter from Mr. Orem, proprietor, Lend-U Money Bankers with reference to closing all day Saturday during summer months in lieu of a two week vacation, was ordered tabled.

Chairman Hood gave a brief talk on his visit to the National Convention. He was deeply impressed with the sincerity and frankness of the members to coöperate with each other. He considered it a splendid thought that our next convention be held at the same time and place as that of the National Remedial Loan Association, and spoke of the delightful personality of Mr. Leon Henderson of the Sage Foundation.

Since our October 13th meeting, an application for membership from our good friend C. A. Gardner, General Manager of the Commercial Service and Credit Company has been approved.

LEE H. PUMPHREY, *Acting Secretary.*

MICHIGAN

The Semi-Annual Meeting of the Michigan Industrial Lenders Association scheduled to be held in Kalamazoo was transferred to Detroit by the Chairman. The Detroit meeting was held October 15th, at the Detroit Union League Club.

The morning session consisted of the election of officers for the ensuing year, and the transaction of regular business. At the noon luncheon the speaker was Mr. George A. Roe, Managing Director of the Detroit Union League Club.

The afternoon session was given to further business. A question box which proved very interesting and educational. Mr. J. J. Bentley of Detroit, President of the Detroit Lenders Clearing House Association explained the workings and the good that has come from the organization of this Exchange for the Lenders of Detroit.

At 6:30 the members met in the Italian room at the Book Cadillac Hotel for dinner. There was dancing and several speakers. Mr. B. E. Henderson of Chicago, acted as Toastmaster and first introduced Mr. Norman Buckner of Pontiac, newly elected Chairman of the Michigan Association. He was followed by Mr. Charles E. Boyd, Assistant Secretary of the Detroit Board of Commerce, who told something of the great growth of Michigan and particularly Detroit, and told of the advantages of ones interested in their Local Board or Chamber of Commerce.

The speaker of the evening was Honorable Roy Herald, State Senator from Detroit. Senator Herald is the father of the Uniform Small Loan Law in Michigan, which was passed at the last session of the legislature and became effective August 28th of this year.

The meeting was a real success and every member of the Association left with a kindlier thought of his competitors.

The following were elected as officers for the ensuing year:

Chairman, Norman Buckner, 5 S. Saginaw St., Pontiac; Vice Chairman, Louis Bettlon, 928 Detroit Savings Bank Bldg., Detroit; Secretary, W. G. Stevens, 2003 First National Bank Bldg., Detroit; Treasurer, J. J. Hanes, 121 Washtenaw St., Lansing, Mich. These four officers together with Paul Noble, 311 Ward Bldg., Battle Creek, composed the Executive Committee of this Association.

The next meeting is to be held in Saginaw, Michigan, the third Thursday in April of 1926.

W. G. STEVENS, *Secy.*

[The Editor regards this account of a state association meeting as one of the best to be sent into him for form and style. If other state association secretaries would follow Mr. Stevens' example the accounts of state association meetings would make more interesting reading matter.]

NEW JERSEY

The quarterly meeting of the New Jersey Industrial Lenders' Association was held at the new Walt-Witman Hotel in Camden, N. J. on Thursday, September 24, 1925, at noon.

The meeting proceeded by a luncheon, was called to order by Chairman Alberse and the roll call was responded to by the following members:

Beneficial Loan Society of Newark, Beneficial Loan Society of Orange, Beneficial Loan Society of Jersey City, Beneficial Loan Society of Paterson, Beneficial Loan Society of Trenton, Beneficial Loan Society of Elizabeth, Beneficial Loan Society of Camden, Bergen County Loan Association of Hackensack, Community Finance Service, Inc. of Elizabeth, Community Finance Service, Inc. of Jersey City, Community Finance Service, Inc. of Atlantic City, Community Finance Service of Camden, Community Finance Service of Newark, Equitable Loan Society of Newark, Gibraltar Loan Society of Newark Guarantee Loan Company of Camden, Household Finance Corporation of Newark, Household Finance Corporation of Jersey City, Industrial Loan Society of Perth Amboy, Industrial Loan Society of Newark, Industrial Loan Society of Plainfield, Max Knobloch Loan Company of Newark, Newark Cash Credit Company of Newark, Newark Cash Credit Company of Jersey City, New Jersey Finance Company of Jersey City, Peoples Loan Company of Jersey City, Protective Investment Company of Paterson, Standard Loan Company of Jersey City and the Van Horn Agency of Trenton.

Among our guests at this meeting, we had the honor of having the presence of Dr. Charles G. Mueller, President of the Community Finance Service, Inc., of Philadelphia, Pa., Mr. William Young, Vice-President of the Community Finance Service, Inc. of Philadelphia, Mr. V. D. Moss of Philadelphia and W. S. Herron, former Chairman of the Pennsylvania Industrial Lenders' Association. The speaker of the day, Mr. Leon H. Sullivan, was introduced by Mr. William Young. He gave us a wonderful talk on coöperation and general topics of the day. While not directly connected with the industrial loan business, Mr. Sullivan seemed to have an unlimited knowledge of our business and injected in his talk a most friendly spirit towards our association and the work carried on by it. At the termination of Mr. Sullivan's talk, upon motion by Dr. Mueller, the association tendered a rising vote of thanks.

REPORT OF COMMITTEE

Chairman Alberse reports that the association is advancing in a very prosperous way and progress is being made in all directions.

Treasurer Long offered a written report which was read and order turned over to the newly elected Treasurer for attention.

Secretary reports the death of two of our members, to wit: Mr. David Arms of Paterson and Mr. John J. O'Toole of Jersey City, and,

WHEREAS, It has pleased Divine Providence to remove from our midst the late members of the New Jersey Industrial Lenders' Association, and,

WHEREAS, The intermittent relations long held by our deceased friends with the members of this association, render it appropriate that we place on record, our appreciation for their services to the association and their merits as men, therefore, be it,

Resolved, by the New Jersey Industrial Lenders' Association, that while we humbly submit to the will of the Most High, we none the less mourn for our friends who have been called to their eternal rest.

Resolved, that in the deaths of David I. Arms and John J. O'Toole, the association loses two members who have always been loyal and prompt to advance its interests; devoted to its welfare and prosperity. Two men who were wise in counsel and fearless in action, sincere friends, honest and upright men, whose virtue endeared them not only to their immediate associates but to all their fellow citizens.

Resolved, that the association tender its heartfelt sympathy to the families and relatives of our deceased friends in this said affliction.

Resolved, that these resolutions be entered upon the minutes of the association to-day, and that a copy of them be sent to the families of our deceased associations.

Report of entertainment committee was accepted as reported by Mr. J. C. Van Horn of Trenton, the Chairman ordered that in the future, the entertainment committee will make a monthly report on the yearly meeting.

A written report of the auditing committee was read by Mr. Don Cameron of Newark, which was accepted and ordered placed in the minutes. It was ordered that the recommendations as made by the committee be considered and the committee was then discharged with thanks. Upon motion a committee consisting of Mr. Irish, Mr. Igoe, and Mr. Long were appointed as a committee of three to call on delinquent members and discuss the matter of retaining their membership in the association.

Upon motion the appointed Finance and Security Corporation of Jersey City, who have gone into bankruptcy was dropped from the roll.

Membership Committee

Chairman, William Young, reports progress and Mr. Van Horn volunteered to contact the department of banking and insurance at Trenton in securing the names and addresses of new licensees as licenses are issued, which will assist the membership committee materially in securing new members.

New Business

A letter received by the Secretary from Mr. Charles H. Watts, President of the Beneficial Operating Bureau was read to the membership regarding automobile lenders who advertise by mail to make automobile loans. The Secretary reported that he personally made a visit to the office of the Auto Owners' Finance Corporation and explained the procedure and method used by the said company in obtaining a loan. Dr. Mueller then introduced Mr. Herron, Chairman of the Pennsylvania Association, who explained a similar case in Philadelphia and advised the members that action was being taken by the Pennsylvania Association against these automobile lenders, and was now before the courts. Several similar cases were cited in various parts of the state and after a lengthy discussion, it was regularly moved and seconded that a Vigilance Committee be appointed to handle just such matters as was now before the house. Mr. Simonson of Newark was then appointed Chairman of the Vigilance Committee and he in turn is to appoint his own assistants and report at the next meeting.

A letter from Mr. Pope relative to uniform papers was read and Mr. Moss of Philadelphia explained the best procedure to obtain a uniform set of papers. He said in Pennsylvania that all members send to the Executive Committee a complete set of all security forms as used in their offices to the Secretary, which was to be forwarded to the Executive Committee for perusal and to be reported upon at the next meeting. Upon motion of Mr. Young, this action was carried by the association. Upon motion by Mr. Badger, it was ordered that the Executive Committee be empowered to incur any necessary expense to draft uniform papers.

The Secretary then took up the question of handling skip accounts outside of the state of New York as several members had expressed unwillingness to go into the state of New York to collect any foreign skip accounts outside of their own, and after considerable discussion by the association, it was decided that the New Jersey association will reciprocate with the other state associations and handle accounts irrespective as to location, and that the Secretary be empowered to accept and place such accounts as may come to him for attention anywhere in the state of New Jersey and New York.

Mr. Lambert of the Guarantee Loan Company of Camden N. J., spoke on the Mercantile and City Tax as in effect in the city of Camden, and warned the members that unless some action was taken collectively, this would spread all over the state, and upon motion by Mr. Young, a committee of three was appointed to go into the situation and submit a report as soon as possible whereupon the chair appointed Mr. Watts Chairman, Dr. Mueller and Mr. Badger.

The Secretary then read a letter of resignation by Mr. Long, the Treasurer and it was with much regret that the association accepted this resignation, a copy of which is placed on the minutes, after which upon motion by Dr. Mueller a rising vote of thanks was tended to Mr. Long for his untiring efforts. An election was then ordered to fill the unexpired term of Mr. Long and the names of Mr. Eugene Woodburn and Mr. Don Cameron both of Newark were offered to the members as candidates. After appointing Mr. Young, Sergeant-at-Arms and Mr. Boullt and Mr. Herron Tellers, nominations were ordered closed and upon the counting of votes, it was found that Mr. Woodburn had been chosen to fulfill the unexpired term of Mr. Long until the next annual meeting of the association.

Six applications were presented for membership for approval. They were all elected to membership.

Upon motion by Mr. Badger, Mr. Montgomery was appointed a committee of one to call upon the Monmouth Finance Company of Asbury Park and assist them to become familiar with the fundamental principles, of the small loan business.

There being no further business before the meeting, said meeting was adjourned until Thursday, January 21st to be held in Trenton, N. J.

W. P. Hansche,
Secretary.

YEAR BOOK ADDITIONS

Add the following names of new members in your Year Book directory:—

American Loan Co., 634 Penn St., Reading, Pa.

New England Equity Corporation, 377 Main St., Springfield, Mass.

American Loan Co., 1208 Chestnut St., Philadelphia, Pa.

American Loan Co., 5613 Germantown Ave., Philadelphia, Pa.

American Loan Co., 525 Market St., Chester, Pa.

American Loan Co., 219 Sixth St., Pittsburgh, Pa.

American Loan Co., 411 Spruce St., Scranton, Pa.

American Loan Co., 50-54 S. Main St., Wilkes-Barre, Pa.

American Loan Co., 532 Main St., Johnstown, Pa.

Personal Loan Society, 331 Equitable Bldg., Baltimore, Md.

American Loan Co., 21 Broadway, Camden, N. J.

American Loan Co., 5204 Chestnut St., Philadelphia, Pa.

American Loan Co., 902 Chapel St., New Haven, Conn.

TENNESSEE

While the small loan law was pending in the Spring of 1925 in the legislature of Tennessee, a pamphlet was issued in support of the bill, by ex-Judge W. C. Cherry, of Nashville, containing the following sound observations upon the principles involved:

There has been for a long time three widely different theories as to small loan legislation. First, that non-bankable small loans should pay only the same rate of interest as bankable loans. Second, that there should be no legislation upon the subject because such loans will find the proper rate by competition. Third, the last theory is between the first two and is to the effect that there should be legislation restricting the rate, but that the rate should be higher than bankable loans.

It may be confidently asserted that there exists and always will exist a vast number of non-bankable loans which are necessary to the borrower.

Now, small loans cannot be made under as low rates as bankable loans for many reasons.

First, the bank does not lend merely its own money.

Second, the bank loans are made on what is known as fluid collateral. On the contrary, the small loan business necessarily deals in non-fluid collateral.

Third, the investigation as to collateral and the collection of the loan is much more expensive than in the case of banks. The bank accepts only such collateral as has a known market value and which can be readily realized on. The small loan man must investigate the proposed collateral.

Fourth, it must also appear that the collateral is more often worthless than in the case of bankable loans, and loan rates are, of course, always based upon the element of loss in the business.

RE TENNESSEE LAW

For Publication, Hall, J.
Filed, August 1, 1925.
David S. Lansden.

STATE OF TENNESSEE EX REL, FRANK M. THOMPSON, ATTORNEY-GENERAL, ET AL. *vs.* DIXIE FINANCE COMPANY.

Opinion

The bill in this cause was filed by the State, on relation of A. S. Caldwell, its Commissioner of Insurance and Banking, J. D. Senter, its Commissioner of Finance and Taxation, and Frank M. Thompson, its Attorney-General, on May 13, 1925, against the defendant, Dixie Finance Company, a Delaware corporation, having an office and agent and doing business in the City of Nashville, Davidson County, Tennessee.

The bill was filed for two purposes:

1. To enjoin the defendant from engaging in the business of lending money on wages and salaries, at interest rates in excess of 10% per annum, unless and until it should obtain the proper license required by law for engaging in said business.

2. To collect delinquent privilege taxes alleged to be due from the defendant to the State and County.

The Revenue Act of 1925, which became effective May 1, 1925, imposed a privilege tax and required a license for lending money on salaries or household furniture, and also imposed a privilege tax and required a license for lending money at rate of interest in excess of 10% per annum. Chapter 62 of the Public Acts of 1917, as amended by chapter 75 of the Public Acts of 1925, required an additional license of persons and corporations like the defendant engaged in the business of lending money on wages or salaries.

The bill alleged that the defendant was doing business without the required licenses, and sought:

1. A decree against the defendant for the amount of privilege taxes with interest, penalties and costs.

2. An injunction restraining the defend-

ant from collecting or attempting to collect any money from any person to whom it had hitherto made illegal loans, or from bringing any suits or procuring any judgments for such loans, and from taking any steps or procuring others to take any steps to collect any judgments already taken.

3. That an injunction issue restraining the defendant from lending money on wages or salaries, except as authorized by the Public Acts of 1917 and 1925, unless and until the defendant complied with said acts in every particular and has paid privilege taxes and obtained a license as a loan company.

The writ of injunction was granted, as prayed for, in the nature of a stay order, until application for an injunction could be made on May 20, 1925.

On May 20, 1925, defendant filed its demurrer incorporated in an answer to the bill. The demurrer set up numerous defenses—among them that chapter 76 of the Public Acts of 1925, which attempted to amend chapter 62 of the Public Acts of 1917, was unconstitutional and void, in that:

A bill being a complete act of legislation upon the entire subject matter of chapter 62 of the Public Acts of 1917, was regularly passed by the General Assembly of 1925, the same being Senate Bill No. 355, known as the "Small Loan Bill," and the same became a law as shown by the Journal of the Senate, the Governor not having returned the same with his veto within the time prescribed by the constitution of the State.

The cause was heard by the chancellor May 20, 1925 and, of his own motion, he modified the injunction so as not to prevent the defendant from collecting the principal sums loaned to its customers; but the court otherwise granted the injunction prayed for in the bill, holding chapter 76, Acts of 1925, which attempted to amend chapter 62, Acts of 1917, valid and in full force and effect; and further holding that Senate Bill No. 355 did not become a law of the land, and declined to further modify the injunction, to which action the defendant excepted.

Then the cause came on to be further heard, upon motion of the defendant to dispose of its demurrer, whereupon the court overruled the demurrer, except to that part of the bill which prayed for a forfeiture of the principal sums loaned by the defendant.

From this decree defendant appealed to this court, and has assigned errors.

It is conceded by counsel for complainants in their brief in the cause of State of Tennessee ex rel Frank M. Thompson, Attorney-General, et al. vs. J. B. Hatley, a companion cause also appealed from the Chancery Court of Davidson County, and heard by this court along with the instanto cause, that if Senate Bill No 355 became a law by reason of the alleged failure of the Governor to return the bill with his veto within five days as required by section 18 of article 3 of our Constitution, then chapter 62 of the Public Acts of 1917 was repealed by implication, and chapter 76 of the Public Acts of 1925, being an amendment of a non-existing act, is void and of no effect. The question then is, did Senate Bill No. 355 become a law by reason of the failure of the Governor to return it with his veto within the time required by the constitutional provision above referred to?

Section 18 of article 3 of our Constitution provides in part as follows:

"If the Governor shall fail to return any bill with his objections, within five days (Sundays excepted) after it shall have been presented to him, the same shall become a law without his signature, unless the General Assembly, by its adjournment, prevents its return, in which case it shall not become a law."

With reference to Senate Bill No. 355, the Senate *Journal* contains the following recital:

"Thursday, April 2, 1925.
Sixty-Fifth day.

"The Senate met at 9:30 a. m. and was called to order by Mr. Speaker Hill.

"The proceedings were opened by prayer by Chaplain R. J. Craig.

"On call of the roll 33 senators were found to be present.

"On motion the reading of the *Journal* was dispensed with.

"MESSAGE FROM THE GOVERNOR

"Mr. Speaker: I am directed by the Governor to return herewith the following Senate Bill without his approval; and the message in writing. Senate Bill No. 355. J. D. TALLEY, *Secretary*.

"On motion the message was received, ordered read by the Clerk and spread upon the *Journal*, which is as follows: (Then follows the Governor's message.)

In John City v. Eastern Electric Co., 135 Tenn. 632, it appeared that the Governor failed to return the bill there involved with his veto within five days, but that before the expiration of the five days the legislature had taken a recess for thirty days. The bill was returned with the Governor's veto immediately after that body again assembled pursuant to adjournment. This Court held that the bill became a law for the reason that it was not contemplated by the constitutional provision above quoted that the return of the bill be to the house in open session. On the contrary, it held that a proper return of a bill can be made to any proper agent of the House in which the bill originated, such as a Clerk, or some member of the Committee on Enrolled Bills. The word "adjournment" as used in the Constitution, means a final adjournment of both Houses, not a temporary adjournment.

To the same effect is the holding of the Court in Harpending v. Haight, 39 Cal. 189. In that case the Governor sent a messenger with the bill and his veto message to the House in which the bill originated, on the afternoon of the fifth day. When the messenger arrived, the House had adjourned. He thereupon carried the bill back to the Governor. The Court held that the bill became a law, for the reason that the Governor should have sent the bill finally and definitely to some agent of the House, it not being necessary that it be returned to the House in open session.

The recitations of the Senate *Journal* hereinbefore quoted are affirmative, clear and unequivocal. They show when and how Senate Bill No. 355 was returned to the Senate without the Governor's approval. The *Journal* entry recites that it was present in person by the Secretary of the Governor on the 2d day of April, 1925. The entry then proceeds: "On motion the message was received," etc. Therefore, it can not be presumed that it was returned to either of the other parties authorized to receive it, to wit—the Clerk of the Senate, or the Chairman on Enrolled Bills. There is no room for any presumption that such was the case, because, as before stated, the recitals of the *Journal* entry are affirmative, clear and plain that it was returned by the Governor through his Secretary on the 2d day of April, 1925, which date, it is conceded by complainants, was the sixth day after the bill was received by the Governor.

A stipulation of counsel is relied on by complainants to explain the *Journal* entry hereinbefore set out. This stipulation, it seems, was filed by counsel for the respective parties after the cause had been appealed to this court. It reads as follows:

"In this cause, it is agreed, subject to objections for competency, that the message of the Governor vetoing Senate Bill 355, at the last session of the legislature, and the bill itself were delivered in his behalf to the Clerk of the Senate a few minutes before midnight on April 1, 1925, and was then receipted by the Clerk, Hunt, signing his name thereto.

"Further, that the Supreme Court may, if it will, consider this stipulation as a part of the record and as though set forth as a part of the original bill."

"(Signed) WM. WALLER,
SETH WALKER,

Counsel for complainants.

W. C. CHERRY,
THOS. A. SHRIVER, JR."

This stipulation of counsel is a direct contradiction of the recitals of the Senate *Journal* and cannot be considered by the Court. It was held in Heiskell v. Knox County, 132 Tenn. 180, that the recitals in the *Journals* of the Legislature are conclusive. They are entitled to absolute verity, and cannot even be impeached on the ground of mistake or fraud. If there are errors in them, the House itself is the only tribunal authorized to correct them. Therefore, the recitals of the Senate *Journal* above set out affirmatively showing that the bill was not returned by the Governor with his veto within the time prescribed by the Constitution, it became a law of the land and repealed chapter 62 of the Public Acts of 1917, because it was a complete revision of the subject matter dealt with by that act. It also follows as a necessary consequence that the amendatory Act of 1925 is void and of no effect, because the act which it attempted to amend did not exist, having been repealed by the passage of Senate Bill No. 355.

The case of United States v. Allen, 36 Fed. 174, which is relied upon by complainants in support of their contention that extrinsic evidence can be introduced to explain the entry appearing on the Senate *Journal* and show the true facts, is not in point. In that case the House *Journal* of February 25, 1887, to the effect that the Speaker on that day laid the President's message before the House, did not state when the message was received, and was in no respect inconsistent with the explanation furnished by the Journal Clerk, which the court held was competent in such circumstances.

It results that the chancellor's decree will be reversed; the injunction dissolved, and complainants' bill dismissed with costs. HALL, J.

HALL, J.
Filed, August 1, 1925.
DAVID S. LANSDEN, *Clerk*.

STATE OF TENNESSEE, ex rel. FRANK M. THOMPSON, ATTORNEY-GENERAL, et al. *vs.* DAVIDSON EQUITY, J. B. HATLEY, doing business as the HERMITAGE INVESTMENT COMPANY.

OPINION

The bill in this cause was filed by the state on relation of A. S. Caldwell, its Commissioner of Insurance and Banking, J. D. Senter, its Commissioner of Finance and Taxation, and Frank M. Thompson, its Attorney-General, against J. B. Hatley, doing business as the Hermitage Investment Company.

The bill was filed for the following purposes:

1. To enjoin the defendant from engaging in the business of lending money on wages and salaries at interest rates in excess of ten (10%) per cent per annum, unless and until he should obtain the proper licenses required by law for engaging in said business.

2. To collect delinquent privilege taxes due the State and County under the Revenue Act of 1925, which became effective May 1 1925, and chapter 62 of the Acts of 1917, as amended by chapter 75 of the Acts of 1925; the bill alleging that defendant was doing business without the required licenses, and sought to enjoin and abate his business as a public nuisance under the provisions of chapter 158 of the Acts of 1919.

The bill also prayed for a decree for the amount of the privilege taxes due with interest, penalties and costs.

The chancellor, upon the filing of the bill, granted a temporary injunction restraining defendant from collecting any moneys and from procuring any judgments growing out of his said business, and restraining the further conduct of said business by the defendant.

The chancellor subsequently enjoined defendant from further engaging in business until he took out the license prescribed by the Act of 1917, and paid the privilege tax required of loan agents, but modified the former injunction to the extent that collection of the principal of loans made by him was not restrained.

The defendant filed a demurrer and answer to the bill challenging the constitutionality of chapter 62 of the Public Acts of 1917, and chapter 76 of the Public Acts of 1925, and setting up substantially the same defenses as are relied on in the cause of State ex rel. Frank M. Thompson, Attorney-General, et al. v. Dixie Finance Company, from Davidson Equity, which cause was heard with the instant cause in this court, except he did not present the defense that chapter 76 of the Public Acts of 1925 is invalid because another bill, to wit, Senate Bill No. 355, known as the "Small Loan Bill," which is a complete act of legislation upon the entire subject of chapter 62 of the Public Acts of 1917, was regularly passed by the legislature at its session 1925, and the same became a law as shown by the *Journal* of the Senate, the Governor not having returned said bill with his veto within the time prescribed by our constitution.

Upon the hearing the chancellor held the Acts of 1917 and 1925 valid and constitutional, and passed substantially the same decree as that rendered in State of Tennessee ex rel. v. Dixie Finance Company, from which decree defendant has appealed and assigned errors.

While not expressly raised by the defendant in this cause, it is conceded by counsel for complainants that the question necessarily arises and must be decided whether or not the "Small Loan Bill," introduced in the Legislature of 1925, as Senate Bill No. 355, became a law because of the failure of the Governor to return the bill with his veto within the five days prescribed by the constitution. This question being expressly raised by the defendant in the cause of State ex rel. v. Dixie Finance Company.

We have fully discussed this question in an opinion to be filed in this cause and have reached the conclusion that Senate Bill No. 355 became a valid statute by reason of the Governor having failed to return said bill to the Senate with his veto within the time prescribed by section 18 of article 3 of our constitution. This bill, having become a valid statute, had the effect of repealing chapter 62 of the Public Acts of 1917. It necessarily follows, therefore, that chapter 76 of the Public Acts of 1925 is void because it attempts to amend a statute which did not exist.

It results that the decree of the chancellor will be reversed; the injunction dissolved, and complainants' bill dismissed with costs. HALL, J.

TENNESSEE

The first meeting of the Tennessee Industrial Lenders Association was held at the Patten Hotel, Chattanooga, Tennessee, Wednesday, November 4, at 12:00 o'clock noon.

Those present were: John and W. B. Richards, Richards Loan Company, Knoxville, Tennessee; O. H. May, O. H. May Company, Knoxville, Tennessee; W. G. Brightwell, Sea Board Security Company, Knoxville, Tennessee; G. B. Love, Personal Finance Company, Knoxville, Tennessee; G. R. Fox, American Security Company, Chattanooga, Tennessee; H. C. Humphreys, Personal Finance Company, Chattanooga, Tennessee; C. E. Beebe, Chattanooga, Tennessee; C. M. Rice, Personal Finance Company, Memphis, Tennessee; Paul A. Appleby, Memphis Security Company, Memphis, Tennessee; P. A. Hodge, Personal Finance Company, Nashville, Tennessee; C. G. Liggett, Representing Beneficial Operating Bureau, New York City; L. C. Dunn, Representing Beneficial Operating Bureau, New York City; Allan K. Dolliver, Beneficial Operating Bureau, New York City; A. D. Bennett, Beneficial Operating Bureau, New York City; George S. Knapp, Memphis, Tennessee.

Luncheon was served at 12:30. Immediately after luncheon, the meeting was called to order by C. G. Liggett, representing Beneficial Operating Bureau, who made a very interesting and enlightening address as to the purposes and benefits of an Association. After Mr. Liggett's address, he suggested that the meeting proceed with the nominating and electing of officers for the ensuing year and suggested for a nominating committee, L. C. Dunn, Beneficial Operating Bureau; G. R. Fox, American Security Company, and Alan K. Dolliver, Beneficial Operating Bureau. On motion of G. B. Love, this committee was elected by acclamation and submitted the following officers and committees for approval of the Association:

Officers: President, O. H. May; vice-president, Paul A. Appleby; treasurer, W. B. Richards; secretary, G. B. Love. Executive Committee: O. H. May, G. B. Love, Paul A. Appleby, C. E. Beebe, P. A. Hodge, C. R. Fox. Vigilance Committee: C. M. Rice, W. G. Brightwell, P. A. Hodge, C. R. Fox, P. A. Appleby. Membership Committee: P. A. Appleby, W. G. Brightwell, P. A. Hodge, C. R. Fox.

By motion of Mr. Hodge, officers and committees submitted by nominating committee were elected by acclamation. Mr. Dunn, in submitting the report of nominating committee remarked that it had been the aim of the committee to give representation to all companies represented and to make it as near equal as possible as it was not the aim of any of his committee to allow any one company to dominate. His remarks were very enthusiastically received. Mr. Dolliver of Beneficial Operating Bureau, addressed the new officers stating that the committee had selected them because they believed they were capable and would put the Tennessee Association on equal footing with the other Associations throughout the States.

On motion of Mr. Liggett, membership dues were set at $20.00, to run from November 1, 1925, to November 1, 1926. Each member present pledged to pay the treasurer this amount immediately.

Mr. Hodge read a paper entitled the Duties of an Outside Assistant Manager, which was very instructive and was received very favorably by those present.

On motion of Mr. Rice, it was voted that the next meeting of the Association would be held at the *Claridge Hotel, Memphis, Tennessee, Friday, January 15, 1926, at 10 o'clock*, and that after business session, a banquet would be held and entertainment furnished. It was also suggested that some public officials be invited, the object being to promote a mutual understanding and friendly relationship with the heads of departments. The motion carried and the chair appointed the following as Entertainment Committee: C. M. Rice, P. A. Appleby, G. S. Knapp.

The first meeting of the Tennessee Association was indeed a success, as out of twelve licensees in the State, ten were in attendance and were enthusiastic.

Due credit for the successful meeting should be given Mr. Liggett and Mr. Dunn of the Beneficial Operating Bureau, for the excellent missionary work among the lenders of this State as reflected by the attendance.

There being no further business to transact, on motion duly made and seconded, the meeting was adjourned.

G. B. LOVE, *Secretary*.

BUSINESS OPPORTUNITY

H. R. Monson, 220 N. 22d St., Mattoon, Illinois, would like to get in touch with some one with capital to finance a small loan business in his town where he says there is an excellent opportunity.

UNIVERSITY OF ILLINOIS

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

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Tenth Annual Meeting of the Pennsylvania Industrial Lenders Association

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Every requirement of a successful meeting was met at the tenth annual meeting of the Pennsylvania Industrial Lenders Association on November 18th at the Bellevue-Stratford Hotel, Philadelphia, and the convention was a going concern from start to finish. Even the elements, which can not be guaranteed by the most careful convention planners, were propitious. A glorious day, with the crisp, snappy weather of late Fall, welcomed some 300 lenders to Philadelphia, and the program of interesting talks, exchanges of experiences and opinions, with the closing event of the annual dinner and its accompanying entertainment, amply repaid those fortunate enough to be present.

The meeting was called to order Wednesday forenoon in the Clover Room by State Chairman Reeves, whom Secretary Watts introduced because, he said, Mr. Reeves' enforced long absence during the year made it almost necessary that he should be introduced.

The morning session was devoted to the routine business of the meeting, with incidental discussion of the concurrent problems of the lending business, prominent among which was the activity of salary buyers. Reports were submitted by Chairman Reeves, Secretary Watts, E. F. Moore, chairman of the Committee on Publicity; A. S. Ezekiel, chairman of the Executive Committee; F. R. Farringer, of Pittsburgh, chairman of the Vigilance Committee; William Young, Philadelphia, chairman of the Committee on Membership; and George W. Kehr, Harrisburg, chairman of the Committee on Legislation. All of the reports were adopted.

During the order of unfinished business Mr. Buck, of Philadelphia, related an experience he had early in the year with a Philadelphia concern which advertised loans on automobiles. Mr. Buck said he obtained a loan of $150 on his car for which he paid in interest the sum of $60 in three weeks. He laid the case before the District Attorney and the evidence was presented to the grand jury and an indictment returned against the company. The trial in October resulted in a verdict of guilty against the company, whose president was fined $100, with a warning that a second offense would mean a prison sentence.

Mr. Kehr said that he considered the case of salary buyers as analogous to that of the case related by Mr. Buck, as the automobile financing company had employed the subterfuge of claiming that they did not in fact lend the money on a car but bought it from the owner, subsequently releasing it to him at a fixed weekly rental.

Mr. Watts warned against the aggressiveness of the salary buyers, who were full of fight and whose pugnacious attitude must be taken into consideration by industrial lenders in their efforts to make them comply with the laws.

During the morning session there were a number of visiting lenders from other states present, among them Edgar P. East, of Richmond, Virginia, National Chairman of the American Industrial Lenders Association, and C. Howard Hood, State Chairman of the Maryland Industrial Lenders Association. Chairman Reeves called upon Mr. East to take the floor, welcoming him to the meeting on behalf of the Pennsylvania Association.

Mr. East spoke of the purpose to increase the membership of the national body and asked the coöperation of the Pennsylvania Association in this. The ranks of the national association could be very materially swelled, he said, if there was perfect team work among all those now in the association, and he urged that nothing be left undone to accomplish this coöperation.

Mr. Hood of Baltimore was accorded a welcome by the meeting, and in a brief response he said that he had come to the meeting to see how the largest State Association conducted its annual gathering and what he could bring back to Maryland from Pennsylvania.

Leon Henderson, of New York, director of the Division of Remedial Loans of the Russell Sage Foundation, was then introduced to the meeting. Mr. Henderson expressed the hope that no lender would ever visit New York without including his office as one of the ports of call, saying that while he could not hope to compete with the Follies, he would guarantee that the chairs in his office were not uncomfortable and that the welcome would be wholehearted.

There was an overflow attendance at the midday luncheon when Mr. Watts introduced State Representative Benjamin H. Ludlow, of Philadelphia, Chairman of the Federation Welfare Drive. Mr. Ludlow devoted the greater part of an interesting talk to the problem created by the anthracite strike, which he said might at any time progress from its present stage of a "private fight" to a "public fight."

Where a public commodity is concerned, he said, any controversy between those owning and those producing such a commodity ceases to be a purely private fight when the rights of the public are prejudiced because of these private differences. In the present instance, he said, a body less than 200,000 individuals are engaged in a struggle that conceivably might be disastrous in its effects upon 9,000,000 people not directly engaged in the controversy.

The time for any intervention in the quarrel, he said, would not arrive unless and until adequate supplies of bituminous coal were not forthcoming or could not be made available to meet the requirements of fuel users.

Upon convening the afternoon session Mr. Reeves moved that $300 be appropriated by the State Association to the Welfare Drive and the motion was passed unanimously.

George H. Orth, of Harrisburg, Chief of the Department of Private Banks, Department of Banking of Pennsylvania, was introduced to the meeting and in a few brief remarks acknowledged the welcome given him and his pleasure at being present. P. L. Alberse, of Paterson, New Jersey, chairman of the New Jersey Industrial Lenders Association, also was introduced and responded similarly.

Dr. Louis N. Robinson, of Swarthmore, who was called upon by Chairman Reeves, spoke briefly about the survey of the field of industrial lending made by him under the auspices of the Russell Sage Foundation. The survey, he said, had been completed some months ago and is now in the hands of the printers, with the prospect of being off the press in a month or so. Two definite results of this survey had already taken place, he said, one being the pamphlet on pawnbroking, and the other the appointment of Leon Henderson as director of the Division of Remedial Loans of the Foundation. Dr. Robinson explained that Mr. Henderson's fine work as an aid in the survey had been his chief recommendation for his appointment to his present responsible post.

There has been an agreement between the lenders and the Foundation, Dr. Robinson said, as to campaigns to be undertaken for the extension of the Uniform Small Loan Law, and he assured his hearers that they could count on the

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NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 807 Grace-American Bldg., Richmond, Va.

Treasurer, C. H. Watts, 135 Broadway, New York City.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—F. H. Lovegrove, 100 Bank St., Bridgeport.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.
N. H.—D. J. Cote, 999 Elm St., Manchester.
N. J.—P. L. Alberse, Romaine Bldg., Paterson,
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—W. Young, 220 S. 16th St., Philadelphia.
R. I.—G. E. Rich, 26 High St., Pawtucket.
Va.—E. P. East, 807 Grace-American Bldg., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.
Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.
Mass.—C. C. Rock, 209 Tremont Bldg., Boston.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.
N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—W. S. Herron, 404 Denckla Bldg.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

Foundation for real help in any crisis. He spoke in warm appreciation of the coöperation of industrial lenders in his work of investigation, declaring that he had found them "without guile or intent to deceive" or mislead him when he sought information about the lending business from them.

When Chairman Reeves called upon the nominating committee for its report the following slate was recommended:

Chairman, William Young, Philadelphia; vice chairman, E. B. Webster and Arthur L. Wick, Philadelphia; Secretary, Walter S. Herron, Philadelphia; Treasurer, J. F. Devine, Philadelphia; Chairman Executive Committee, Charles H. Watts, of New York and Philadelphia; Members Executive Committee, A. V. Hart and V. D. Moss, Philadelphia, and Martin Hartman, Pittsburgh.

The meeting first ballotted for executive committee members, unanimously electing all those subsequently elected as officers in the positions recommended by the Nominating Committee.

Mr. Young was welcomed to the chair by the retiring chairman, who turned him over to Secretary Watts for formal introduction to the meeting. This office Mr. Watts performed with apparent relish, promising Mr. Young that the prospects were for an administration ahead of him during his tenure of office more strenuous than probably had ever fallen to the lot of a chairman of the Pennsylvania Association. Mr. Young, in responding, professed himself as undismayed at the outlook forecast by Mr. Watts and assured his fellow members that whatever business of the Association lay to hand would receive from him his most faithful and conscientious attention, and he bespoke the coöperation of the entire membership of the Association.

The first of the addresses of the program for the afternoon was delivered by Richard McHugh, of West Philadelphia, on "Breeding Good Will." In any business or profession, the speaker declared, good will was the most important factor. It is the Association's biggest and best asset, he said, and one which is never out of style and whose face value never changes. Breeding good will, he said, is in effect building good business, and it contemplates the tremendous power of well directed coöperation plus public sentiment. Good will, Mr. McHugh concluded, is of more importance than mere merchandise.

"The Greatest Need of the Pennsylvania Association," as viewed by J. B. Otey, of Pittsburgh, is group advertising, the advantages of which were interesting stated in his address. Industrial lending, he declared, is one of the most misunderstood of businesses. To how great an extent business in the present age depends upon a favorable public opinion is proved, Mr. Otey said, by the large sums annually spent by large corporations in advertising and creating good will.

As an instance of the comparative lack of development of the lending business, Mr. Otey cited that with an estimate of 170,000 families in Pittsburgh, which he used as an instance with which he was familiar, it is doubtful if all the lending offices combined in that city are carrying 17,000 open accounts, or less than 10 per cent of the potential borrowers in the city. He believed this condition to be due to lack of understanding of the business on the part of the general public, and that this lack of understanding could be overcome by a campaign of coöperative advertising.

He suggested that a campaign of this kind, using display advertising, could be carried on without the expenditure of more money than is now being spent by lenders, by using part of the total spent in classified advertising, reducing the amount expended for the latter in the sum required for the coöperative display advertising.

The paper by Christian Gillen, of Philadelphia, on "Duty," was read by Mr. Herron in the absence of Mr. Gillen who was unable to be present. The duty of the manager of a loan office was described as fourfold, being to his investors, employees, borrowers and payors. Saying that if the lending business is not based on service to the needy, it would be difficult to say what is its reason for existence, Mr. Gillen placed the duty to borrowers first on the list. It is the duty of the manager, he said, to find some way to finance the honest person in need of money. He also said that duty to all four of the classes enumerated as those to whom the manager owed a duty, required that he should insist upon regular payments from borrowers, and that by this insistence he fulfilled a duty to the payor who might need another loan and whose prompt payments put him in a position to obtain it and also tended to encourage him in habits of thrift.

George M. Crouse, Jr., of Philadelphia, in his paper on "Educational Publicity and its Needs" said that there had been little progress in the education of the public as to the truth about industrial lending. Despite all the publicity and efforts to bring about a correct understanding of the business, in the absence of well defined results, he believed that much remained to be done. When it is generally known what industrial lending does as a useful and necessary service, he said, those who now condemn it will welcome industrial lending to their communities.

As a constructive program for bringing about this general understanding, Mr. Crouse enumerated the following: Straightforward and intelligent conduct of their duties by everyone in the lending business; judicious lending, not hesitating to withhold credit where its extention would be harmful; the avoidance of lending in amounts out of proportion to the borrower's income; a one-loan policy through the use of exchange bureaus; a course of continuous rather than sporadic and occasional publicity; a well defined state-wide publicity plan; the use of publications other than daily newspapers, such as the journals and publications of chambers of commerce; an organized plan for putting educational pamphlets in the hands of representative business men, lawmakers, courts and clergy; a percentage of the dues paid into the Association to be appropriated for educational publicity.

In concluding, Mr. Crouse said that he believed that an appropriation of 25 per cent of the dues paid would not be too great to devote to the purpose of a campaign of education, if it were judicially expended.

In the discussions which followed the set program, Mr. E. F. Moore of Philadelphia spoke of the advisability of obtaining a definite heading in the classified advertising columns for industrial lenders, to distinguish them from a class inclusive of salary buyers, automobile financing concerns, and others of a like character. Mr. Holloway supported the suggestion made by Mr. Moore and a motion made by Mr. Holloway to instruct the Publicity Committee to select the proper heading was carried.

Mr. Herron, after quoting from a newspaper account of a suicide in which the inference was that it was prompted by financial troubles consequent upon a loan obtained on the suicide's furniture, suggested that all news articles in which reflections upon loan companies appeared be investigated.

Mr. Holloway suggested that industrial lenders word their classified advertisements to omit any mention of loans made on furniture, emphasizing the fact that such loans are made on notes. Mr. Watts commented that in Pennsylvania the law made this entirely permissible, and Chairman Young advised that every member of the Association constitute himself a committee of one to aid the Vigilance Committee.

Before adjournment of the session for the annual dinner a motion by Mr. Buck that the Entertainment Committee be thanked for its work was unanimously carried.

The grand ball room of the Bellevue-Stratford was crowded to capacity by Pennsylvania lenders, and their guests, among whom were many ladies in brilliant costumes. Charles G. Mueller of Philadelphia was toastmaster and he was in more than customarily good form as such, distributing his verbal bouquets and brickbats in even measure to the great delight both of his victims and his audience.

Before introducing the first after dinner speaker Mr. Mueller referred to the absence of Judge John M. Patterson of Philadelphia, whose death occurred on Election Day as he was about to be chosen to a high office by the suffrages of the people of Philadelphia. Mr. Mueller spoke feelingly of Judge Patterson's worth, the loss to the community in his death and the regret of the members of the Association. At his request everyone in the ball room arose and stood for a moment in silence as a tribute to the speaker whom death had called.

Charles H. Watts spoke to the toast "To Our Ladies," modestly explaining that on this occasion he was a "pinch hitter" to fill out the speaking program. His address, while very brief, was a beautiful and touching acknowledgment of the great and good influence of women upon men, an influence which he said began at the very earliest age of the man who as a boy revered his mother and whose character was molded by her love and counsel. Mr. Watts' talk was a little jewel of wit, humor and genuine feeling and visibly impressed his hearers.

Dr. Carl Wallace Petty, pastor of the First Baptist Church of Pittsburgh, the only other speaker of the evening, gave an address on "The Anatomy of Character," which was replete with sparkling epigrams, hard-hitting facts, delightful anecdotes and a sane and timely philosophy. Dissecting character, he bared only three of the bones of its structure—the funny bone, the backbone and the breastbone—but this exposition of their functions left no doubt in the minds of those who heard him that they were the principal and indispensible girders of character.

The funny bone Dr. Petty described as the sense of humor which is necessary in business, in the home, in the ministry and, indeed, in every walk of life. The backbone, he said, was sadly lacking to-day. In this division of his subject he strongly defended the younger generation from the attacks made upon them, and while he was unable to concede that they possessed backbone, he laid the blame for the deficiency upon their parents who also lacked backbone.

Breastbone, as described by Dr. Petty, was the sentiment of friendship for our fellows, and he deplored the absence of this essential part of the anatomy of character as exemplified in the present hostility shown by certain elements toward the alien in this country. He spoke for the right to friendly fellowship of the alien who came to this country in good faith to become one of its citizens, asking by what right any American could sneer at him as an alien, since only a few generations back the ancestors of those of native stock were themselves aliens. Dr. Petty's talk was most attentively heard and his many and telling points were quickly and heartily applauded by his audience.

After the speaking the floor was cleared for dancing, which continued until one o'clock in the morning. The entertainment features of the dinner were so elaborate and enjoyable as to deserve special mention. The program, an artistic example of printing bound in gold embossed board covers, contained an excellent half tone of Mr. Reeves, the retiring chairman, and a list of the officers and executive committee of the state association, besides giving the menu, the list of entertainers and appropriate quotations from distinguished men on the industrial lending system.

Between the courses there was dancing to the music of an inciting jazz band directed by Isadore Senator, who also led his novelty singing orchestra of fifteen men in songs in which the diners joined. Other enjoyable numbers on the program were novelty blues by Miss Emma Woppler, a monologue on topics of the day by Harry Webb, a blackface comedian, and dances by Kelly and Roop, who gave the Charleston, the tango, the waltz and the rather strenuous Apache dance.

The dancing star of the evening, however, was conceded by all to be Baby Mary Homoiselle Moss, whose pirouetting, toe dancing and rhythmical tumbling were so enthusiastically received by the diners that the graceful youngster was obliged to give several encores.

THE GREATEST NEED OF THE PENNSYLVANIA INDUSTRIAL LENDERS ASSN.

By J. B. Otey

It has been my pleasure to be a member of the Pennsylvania Industrial Lenders Association, for eighteen months and it is my sincere belief that we have here in Pennsylvania, an organization second best to none both in its accomplishments as well as the spirit of coöperation that is so manifest among its members. This no doubt is true due to the fact that we have perhaps the largest membership of any State Association, but more important I believe is that we have been very fortunate in numbering among our members some of the ablest and most experienced men in the loan business. Men who have given freely of their time to the upbuilding of the loan business in Pennsylvania, and through leadership our Association has gone forward until to-day I seriously doubt that it would be possible to find in any organization regardless of its size or kind, where there is a more friendly feeling or coöperative spirit than we have in the Pennsylvania Association. This being true it would seem that we have very lttle else to ask, but I feel that we as an association have permitted some of the smaller and younger Lenders Associations to surpass us in one very important and in my mind the most important phase of industrial lending; and that is Educational Publicity.

I believe we all thoroughly appreciate the fact that the industrial loan business is one if not the most misunderstood business in the financial field to-day. I have felt this for sometime, but it was only a few days ago that it was very forcibly brought home to me just how misunderstood it is. I was appointed one of a committee to interview the credit managers of the larger department stores of Pittsburgh, to acquaint them with the small loan business. So far I have talked to three of these gentlemen and while they were very friendly personally, they were very antagonistic to the loan business in general. After going into detail as to the purpose of my call and explaining to them the loan business as it is now operated, I believe I was able to create a more favorable opinion and prove to them that the industrial loan service is just as necessary to the communities we serve as any other business. This antagonism was not due to any well grounded facts as I found out during our conversation, but was caused by just what they had pictured the loan business to be and I assure you their picture was anything but favorable. If men of this type holding the positions they do and having the advantage of getting the facts by their continual contact with the public and the business world felt as they did, what is the opinion of that great class of people who do not come in contact with the public of business enough to get a true conception on any question relating to any business, but depend solely upon what they read or hear to form their opinions? Unless they have had reasons to come in contact with the loan business their opinions are just the same or worse than these gentlemen mentioned above, and we have only ourselves to blame for this condition. We surely cannot expect or hope for the public on their own initiative to dig in and find the good points about us and our business unless we offer some incentive on which to work.

There has never been an age like the present in which business almost in its entirety depended more upon public opinion or has striven harder to favorably impress the public with its importance and necessity. This is proved by the money being spent annually by large corporations in advertising to create public goodwill towards the corporation and its product. This being true I can think of no business that has done less to sell itself to the public or needs an unbiased public opinion more than the small loan business, and I know of no better way of creating this favorable opinion than that of an extensive advertising campaign, whereby we can lay the facts before the public and prove that we are rendering the communities we serve a very necessary and legitimate service.

It is not necessary for me to show you the advantages of advertising, because it is almost an accepted fact that advertising is the greatest force in the business world to-day, however, in passing I would like to mention what one of the larger corporations in Pittsburgh did last year. Each year the Street Railways Association, gives a prize of $1,000 to the street railway having the most notable achievement during the year. Last year the Pittsburgh Railways won this prize. If I understand correctly this company at the beginning of the year was in the hands of the receivers, but by the end of the year it showed a substantial profit. The executives of this company attribute their success in this achievement to the fact that they were able to create a more friendly feeling and a better understanding between the public and its employees. This was done by a very extensive and I presume costly advertising program. The point I would have you get from this illustration is that while the Street Railways are one of the most important cogs in the life of a community, it is one that would have less reason to advertise its business or care what the public thought, inasmuch as no competition exists and everybody must ride. Still this company seems to have been fully repaid for the time and money spent in their efforts for a better conception of the street railway business.

When we stop to consider the amount of money invested in the loan business in Pittsburgh and then take into consideration the number of people we have to draw from, you will find that we are sadly behind some of the other localities in the volume of business handled. I understand that Indianapolis, with a population of 350,000 has invested in small loans approximately $1,500,000 and Atlanta, Georgia, with 230,000 has something over $1,100,000. I appreciate the fact that Pittsburgh is supposed to be the wealthiest city in the United States, per capita, still I cannot feel that we are rendering the service we are capable of rendering when we stop to consider that with a population of 1,000,000 people to cater to we have approximately only $1,700,000 outstanding. This means using the U. S. Government estimate of five people to the average family and deducting the 15% who have bank credit accommodations, we have approximately 170,000 families that are prospects for our service, yet I venture to say that all the offices combined are not carrying 17,000 open accounts or 10% of the prospective borrowers. This I think is due to the unjust prejudice that we are now having to combat, and we are undoubtedly losing considerable business that we should and would be handling if it were not for the misunderstanding of the business on the part of the public.

I am not unmindful that to put on an advertising program of any importance costs considerable money, but I firmly believe for every dollar expended in educational publicity, the industrial lenders will receive two in return in new business alone to say nothng of the immense good that will have been done in an educational way among those we could never hope to serve but whose good will is desirable and in a sense necessary. It is my opinion that with a little coöperation on the part of the lenders, this could be done in every city in Pennsylvania, where there are as many as three offices without the cost of an additional dollar to any of the offices, by using part of the money now being spent in classified advertising.

As an example, we have in Pittsburgh fourteen offices, which are using approximately $2,100 in classified space each month. Is this a wise investment? Are the results secured commensurate with the expenditure? I do not think so. What I would suggest is that all of the offices pool an agreed amount each month and run a display ad similar to what some of the other State Associations are doing and at the bottom of this ad give the names and addresses of the local members. We could then cut our ads in the classified section to take care of the additional cost of the display. In this way we would not only have the advantage of advertising to those who know about us, but in my opinion would sell the business to thousands of people who now know nothing about us or our service.

Inasmuch as Pittsburgh is the only Pennsylvania city in which I have worked in the loan business it has been necessary for me to refer entirely to that locality, however, from attending the meetings and hearing the discussions as well as talking to the managers from the other sections, forces me to believe that conditions are practically the same throughout the state as they are in Pittsburgh. This leads me to say to you; that the greatest need of the Pennsylvania Industrial Lenders Association is Educational Publicity.

And now in conclusion may I not quote that old axiom, "We cannot hate those we understand." This is as true to-day as when it was first spoken, and also as true collectively as it is individually, therefore I hope that the Pennsylvania Association, will take some steps to the end that we as a business will not continue to be misunderstood and misrepresented. The truth is, if we seriously think the subject through and analyze the future we will realize that we cannot do less than devise some means whereby the industrial loan business can be placed at the bar of public opinion in its true light. It is then and only then that we can hope to render the real service we are capable of rendering, or will have reached our highest point of efficiency in the loan business.

DUTY

By C. Gillen

It is an honor greatly appreciated to be asked to contribute something worthy of consideration to a convention of this calibre.

Shakespeare said, "And first of all to thine own self be true, then it must follow as the night the day, thou canst not be false to any man." Selfish as these words may seem, they radiate justice, equality, loyalty, service and duty, the last of which is our consideration.

Duty being the cornerstone on which the home, society and business is built, is a very essential part of a manager of a loan office's life.

The manager of a loan office is eternally confronted with that word "duty." He owes it to himself, to his investors, to his employees, to the borrower, to the payor, to everyone.

A man's duty to himself is always with him. His performance or non-performance of that duty is best known to his own conscience.

The duty we owe to an investor is serious. It is one to which many long and useful hours could be devoted. Every dollar that is loaned represents the hard earnings, the thriftiness, of someone. All of us are anxious to reach the pinnacle of success. In viewing the field of loans, we see it studded with eminently successful men. I feel certain that their success is largely due to the confidence which their supporters gave them in the beginning. This confidence could not have been betrayed, otherwise their success would be very short lived. To defraud the laborer of his hire, is, in my estimation, parallel to homicide. While not properly protecting the funds given you in good faith, is not depriving the laborer of his hire, is it not parallel with it; as it is impossible for us to ever know what pains and toil and long weary hours, days, and years were spent in accumulating the thousands or the hundreds of dollars, which it is our privilege to loan. It is my sincere belief that this part of a manager's duty is worthy of long and frequent meditation.

His duty to train assistants, to render quick, accurate, and above all, just service to the patrons of his office is paramount.

His duty to the borrower includes all other duties heretofore mentioned, and then innumerable others. The borrower justifies mine, yours, our existence. If we were to cast aside the three and one-half per cent per, and view our business as its founder must have done, its whole aspect would be philanthropic. If our business is not based on service to the needy, then on what is it based? Hence a manager's first duty is to the borrower. When an honest person applies for a loan and substantiates his or her application with reasons for that loan, then it is the manager's duty to find a means of making the loan. Loans are as different as the people who apply for them. Ambition compels a man to make all the loans that he can. His duty is thereby discharged to the borrower, but his duty as a manager only begins.

His duty to the payor is now predominant. For the protection of everyone and especially for the protection of the borrower, a manager's duty is to insist that all payments are to be made according to schedule. What greater injustice could a man do, or in what way could he be more oblivious to his duty than to allow a payor to become delinquent or to pay only the interest. As we have seen, persons borrowing money do so with a reason. The reasons for borrowing money are almost as numerous as the people who borrow. The inception of the loan business, was to provide funds for people in immediate need of money. How can we tell at what moment an occasion will present itself when the same people will need more money. If we allow delinquency, how can these people make further loans? Regardless of security or how sure we are of eventually getting our money, we should at all times insist upon regular payments. A manager defaulting in this duty is not only unfriendly to the patrons of his office and unsafe for the investors, but he is also a menace to the business of loaning money. Our troubles, our difficulties and the apparent ruthlessness of loan offices are entirely due, first of all to the delinquent accounts, and secondly to a public not educated in our business. While we are not primarily engaged in educational work, we can, by discharging our duty, educate the public to the justice, the usefulness, and the indispensibility of loan offices. The manager of a loan office can do more for or against the business than all the newspaper writing and conventions put together.

If we are universally insistent on loans being repaid in amounts and at times agreed upon at the time of making the loan, we are encouraging thrift among our patrons. Again I repeat the evil effects that delinquent loans must eventually have on our business. You can readily see when a delinquent customer looks over his receipt card and there sees the apparently exorbitant interest that he or she has paid for a loan, the attitude of that customer. You know well, that that customer will be a detriment, not only to the office at which the loan was made, but to all offices regardless of where situated. This customer is justified in being resentful towards loan offices and only for one reason, and that reason is that someone failed to discharge their duty towards the customer, the company, and the business.

Having served your country—mine by adoption—for twenty-two months, eighteen of which were spent in France, I am fully acquainted with the ninety-six articles of war. It is my belief if some of these were adopted in the formation and running of our lives and business, that we would have attained a much higher plane than that on which we now are.

While duty is very essential in all of our lives, and while absence of duty will wreck any individual, any home, or any institution, nevertheless, we should assume our duties with a spirit of cheerfulness and not with fear. Our greatest results will accrue from work done cheerfully, yet not frivolously.

Within ourselves must begin the revolutions and the reactions to affect any changes in our lives. Let us stimulate ourselves to the discharge of all our duties.

"He profits most who serves best," is an adage that has served many to a good need. The employee who is solicitious about the affairs of the office is always sure of a position, advancement, and of appreciation. This is merely an inducement that you may discharge your duties faithfully and cheerfully.

Service and duty are in this case synonymous terms. That we were all born to serve challenges, successful contradiction, therefore let us serve the cause of justice by discharging whatever may be our duty to all with whom we come in contact.

BREEDING GOOD-WILL

By Richard McHugh

Sometimes the power of suggestion brings about better results than the plain spoken truth, therefore I shall start by telling you a story of a gentleman who was carrying a very expensive silk umbrella, when he encountered a friend who said, "Hello, 'Jim.' Where did you get that beautiful umbrella? Did you steal it?"

"Jim" was stumped for a moment, scratched his head and said doubtfully, "Well, I'm not quite sure, but I'll tell you how it happened. Yesterday morning when that sudden downpour took place I was going up Broad Street on a rather important appointment and as the rain came down I didn't want to get drenched, I stood inside of a cigar store, thinking I'd wait until some friend came along with an umbrella going my way. Just then a young man came along and I called to him: Say: Young man! Where are you going with that umbrella? He dropped the umbrella and ran. I picked it up and now the question is, did I steal it?"

We all do a lot of things that may deserve criticism or arouse suspicion until all things are fully explained. Sometimes we are right and sometimes others are wrong. My point is to try and clear the atmosphere and avoid so much suspicion or unfair criticism.

I have selected for my subject, "Breeding Good-Will" for "Good-Will" is the most important factor in any business or profession and means more to this Association than we probably think. It is our biggest and best asset. It never goes out of style and never changes its face value.

By the use of the word, "Breeding," I mean more than just inspiring—I mean actually creating "Good-Will"—creating "Good-Will" among our own members and "Breeding Good-Will" in the mind of the public.

"Breeding Good-Will" means more than simply promoting the interests of the Pennsylvania Industrial Lenders Association. "Breeding Good-Will" is nothing more or less than building good business. It is just as practical to say this, as it is to say, that enough ill-will, will destroy any business or profession.

"Breeding Good-Will" contemplates the tremendous power of well directed coöperation among members of our Association—plus public sentiment.

In one of Æsop's Fables, we find a trite illustration that I shall frame and quote in my own language: Flying low, an eagle felt the sting of an arrow and as the bird fluttered to earth it looked at the fatal arrow and found that the arrow had been feathered with one of its own plumes. "Alas!" cried the dying eagle, *"We often give our enemies the means for our own destruction."*

And how well this fable points out our own position. In the past, our enemies were given the deadly arrow, or at least, they feathered the arrow with one of our own plumes.

Not so to-day, for we are all trying very hard to live down past mistakes. Each and every member of this Association is committed to a Code of Ethics and this Code of Right Business Principles, Plans and Purposes, deserves the respect and confidence of the public.

Our objective as an Association is to advise the public as to the service that we can render—to make the public understand that we want to obey and will obey the uniform loan laws—that in our advertisements or letters we shall always be found faithful to the truth—that we shall always be found ready and willing to comply with State and National Laws—that we shall always regard our Service as an important and necessary factor in the economic life of the country—that we shall always show the spirit of fraternity and helpfulness as expressed by James Whitcomb Riley:

"When a man ain't got a cent, and he's feeling kind o' blue,
An' the clouds hang dark an' heavy, an' won't let the sunshine through,
It's a great thing, O, my brethren, for a feller just to lay
His hand upon your shoulder in a friendly sort o' way!

"It makes a man feel curious, it makes the teardrops start,
An' you sort o' feel a flutter in the region of the heart:
You can look up and meet his eyes; you don't know what to say
When his hand is on your shoulder in a friendly sort o' way.

"Oh, the world's a curious compound, with its honey and its gall,
With its cares and bitter crosses, but a good world after all.
An' a good God must have made it—leastways, that is what I say,
When a hand is on my shoulder in a friendly sort o' way."

But bigger and better that any written rules, regulations or Code of Ethics, is our willingness, each and every one of us to give an individual example of how to treat others as we would have others treat us and this is "Breeding Good-Will."

The thoughtless may say that "Breeding Good-Will" is a beautiful theory and that it will not work out in regular, everyday practice. Surely, no sane man can expect to build a business permanently on the plan of creating ill-will.

But before we consider the ethical side of this subject, suppose we weigh carefully the commercial meaning of the two little, but big words, "Good-Will."

From the highest authority, I find this statement: "The Good-Will of a business is property as much the subject of valuation and transfer as any tangible chattel. It is an asset of a business, and may be taken into account in deciding whether a business establishment is solvent or insolvent.

"The United States Circuit Court of Appeals has decided that the Good-Will of a corporation organized under the laws of another State, but having its place of business in Philadelphia, is taxable in Philadelphia as property employed there by the corporation."

"Upon the dissolution of a partnership, as in case of death of a partner, Good-Will must be converted into cash and its proceeds distributed, precisely as though it were tangible property so it must be understood that Good-Will is a subject of valuation and transfer just as much as any tangible chattel."

"Good-Will" includes every advantage or benefit of business standing, personal or common reputation and without doubt is of more importance than mere merchandise, for be it remembered that enemies do not patronize us unless they have to.

"Good-Will" as it relates to the social side of life is the faculty of the mind by which one chooses or determines the many honorable and friendly things we should do. Ill-will is, of course, the contrary complex and brings back the natural consequences.

The tendency of most men, is to be honorable, but we must all remember that when a customer's confidence or friendship has been mistreated, there is sure to spring forth a form of resentment and you know, resentment strikes back.

I can conceive of no greater human handicap than that of being compelled to carry a load of ill-will or resentment toward others, neither is it possible to place a bigger stumbling block in the way of business than to have the ill-will of others always ahead of us.

To personally harbor ill-will, makes a man malicious and malice is a venom that chills and curdles the warm current of life in man.

To have others despise us, sets up a defense that keeps us busy fighting fire. Therefore, one of our big problems is to "Breed Good-Will."

The man who gets the most good out of life and the man who gives the most good to the lives of others, is the man who has "Good-Will" in his heart.

Creating "Good-Will" and then holding it, is a very vital part to play in any position in life. It pays in so many ways.

Permanent prosperity cannot come, lasting success will not come on the mere plan of cold competition. There must be "Good-Will" in any deal else there is sure to be some ill-will, and enough resentment will sink the most successful individuality, industry or organization.

A business that fails to hold the "Good-Will" of its customers may go along, but it will never go as long as the business that is conducted on the lines of fellowship and service.

Some men feel, that they can get along without the "Good-Will" of a few people, but these "few people" have a faculty of going about gathering up their friends and telling these friends why certain people do not deserve their confidence and respect, and we all know that it requires much courage and a great deal of capital to compete with these kind of tongue-advertisers.

The very nature of our business, lends us a wonderful opportunity to treat others as we would have others treat us, if the tables were turned. You may say what you like, but the basic foundation of all business is The Golden Rule.

It is a compliment to a man's character, a tribute to his common sense for him to try and "Breed Good-Will" for the sake of his own business, but how much bigger and broader the idea is, when we help to "Breed Good-Will" for all concerned.

We are here to-day for the express purpose of observing faithfully and well our Declaration of Principles as adopted in Convention at Atlantic City in September 1916 as well as our Code of Ethics adopted at Baltimore in September 1924 and these "Principles" would do honor to any class of business men in this country.

Mind you, I am speaking of "principles" and not of motives. Principles are the ideas we form of things, so as to regulate our conduct. Motives are the things that impel us to action.

A man with right principles will always have right motives and a man with good motives will attract plenty of patronage though his place of business be on a side street. "Good-Will" is the answer to good business. It is the respect we earn and the confidence we command. It will bring a customer several blocks out of his or her way to trade with us. It works on rainy days and on dull days.

A deep-down desire to do the right thing by all, all of the time, is the sensible and only successful way of "Breeding Good-Will." Any other plan will prove Lincoln was right.

"Good-Will" is the direct descendent of being fair and square always and those who help to "breed" it have a self interest, not just a selfish interest. "Good-Will" only comes to those who deserve it and as long as they deserve it, it will remain and no longer. It is the indispensible indestructible interest in industry.

Let us continue to "breed Good-Will" and thereby deserve the confidence and respect of the public and more business will come just as sure as the sun shines on a clear day.

PROTECTING THE BORROWER

The main points in this most valuable contribution to the insufficient literature on an important subject are: data on usury laws, arranged to offer maximum service to the student; the logical presentation of historical matter; the completeness and scientific order of the informative material; a well-arranged summary chapter at the end; and a fine index. This book is probably the most important recent contribution to the discussion of usury and related problems. Its facts add to our materials and its conclusions are stimulating.

The book probably was not intended to serve as a signpost, showing the way to the end of a definite road; it leaves questions and doubts in the mind of the reader; it contains suppositions of fact that seem less certain the more they are examined. The book, possibly without that purpose directly in mind, indicates clearly that the problem of usury is undergoing an evolutionary treatment and that the world "solution" cannot yet at any rate be applied to it. For example Mr. Ryan points out very clearly and accurately the difference between "usury" (a) that consists simply of the violation of a usury law so-called and (b) "moral usury" practised on the "necessitous" borrower, seeking a "consumptive" (as distinguished from a "productive") loan of relatively small amount. He assumes that if we can eliminate this latter type of "moral usury," all usury laws, so-called except as they may be incidental to this elimination, may be repealed. He bases this conclusion on the assumption that the interplay of economic forces is sufficient to eliminate anything which might fairly be classified as usury—except in the case of the small, necessitous borrower. So much depends on the accuracy of this suppostion that it is to be regretted the supporting data is not more impressive.

In an evolutionary way the author is doubtless right in his conclusion as to the great value of the uniform small loans law, so-called; it is a very long step in the right direction. The development of coöperative credit in both Europe and the United States and the potential value of this development, now in its infancy in this country, do not seem to be given here the consideration they deserve in any discussion of usury. As an informative book this volume has great value; and one need not agree with all its conclusions in order to welcome it.

Roy F. Bergengren.

(USURY AND USURY LAWS, by Franklin Winton Ryan. Criticism from the November 15, 1925 issue of *The Survey.*)

MARYLAND

The Maryland Industrial Lenders Association held a short but warm meeting in the Board Room of the Baltimors Association of Commerce, Tuesday November the 10th, at 2:30 P. M.

Dr. C. G. Mueller and A. L. Wick gave a splendid educative talk on the value of Exchange Bureaus and why lenders should be ever careful in the conduct of their business. We feel grateful to you Doctor and Mr. Wick, especially so because several new members were listening in.

The Secretary was instructed to advise all members for the forty-first time that dues, assessments, or payments of any kind for Association work should be paid through his office first. Now boys please don't forget that.

It was our pleasure to elect to membership three valuable and live wire members. The Personal Loan Society, 331 Equitable Building, with Mr. Garren speaking its thought, will well be represented in the future. The American Loan Company, 201 Park Ave., will have Mr. Moore, ever watchful and ready to give the benefit of his long experience. The Bonded Finance Company, 941 Equitable Building gives to the Association an able and active member, Mr. Rosenfield who has had long experience and is a thorough advocate of coöperation.

We welcome the above three members with a welcome that comes from way down deep in the heart and hope that all Industrial Lenders of this state will soon say that we are Members of the Maryland Industrial Lenders Association.

The business meeting adjourned at 4:30 P. M. in order.

At 7 P. M., the Association gathered at the Southern Hotel, where a good dinner, good speaking and good dancing were enjoyed by all.

C. Howard Hood our Chairman and veteran of the World War in his usual good natured and brilliant way introduced the first speaker of the evening the Honorable Ex-Mayor William F. Broening, and any Lender in Maryland or any other State, who failed to hear his Honor tell of the money lending business in years long past, and how it had progressed down to the present time, missed a splendid talk from one who the good citizens of Baltimore love and who has given years of his life to public service.

The second speaker of the evening Mr. Barrett, representing the Bank Commissioners office paid the Association Members a high compliment when he said, "Within the last three years there have been no irregularities at all. We had some complaints come to the office about some of the Companies that are operating but I might say that no complaints at all have ever been received against any member of the Association.

Mr. Hood introduced as the third speaker of the evening a great duck shooter and marksman of some ability. Our good friend V. W. B. Hedgepeth of Baltimore known to many Boy Scouts of America as Big Chief Lightening, was many years ago hunting ducks in Louisiana, after waiting paitently for long hours to get a shot, he saw two ducks coming down in front of him, flying about one hundred yards apart, he took long, deliberate, and straight aim at the first one and fired away. The duck aimed at kept on its happy way but the other which was one hundred yards away was killed instantly. We are fortunate enough to have Mr. Hedgepeth's address in full and will ask our good National Secretary to place it in the Lenders News.

After the speaking we saw gliding around the beautiful dance floor; Dr. Mueller, S. J. Masters, the Honorable Wm. F. Broening and Wife, Miss Broening, Mr. Barret, Mr. and Mrs. Meitzell, Miss Wittman of the Bank Commissioners Office. Mr. and Mrs. David C. Bruce, Miss Dixon and Escort, Mr. and Mrs. Ferguson, Mr. Andrew S. Hamilton, Mr. Wick, Mr. Moore, Miss Thelma E. Fugua and Mr. Harp, from Hagerstown, Mr. and Mrs. C. A. Gardner and many, many others who were saying under their breath.

"Backward turn backward Oh! Time in thy flight and make us young again just for tonight."

Howard T. Mattingly, *Secretary.*

EDUCATIONAL PUBLICITY AND ITS NEED

By G. M. Crouse, Jr.

Notwithstanding the work carried on by our Association in its efforts to enlighten the minds of men and women on present day conditions in lending sums up to $300 by Industrial Lenders, it is obvious that but little has been accomplished in this direction. Thousands of lines of newspaper publicity has appeared in the newspapers of this State during the past several years. Our Publicity Chairmen have worked diligently, giving unstintingly of their time in an attempt to make it known generally that there does exist in our great commonwealth, adequate means for advancing small sums of money to the wage-earners and the small business man at a rate of interest that is fair to the borrower and lender. The absence of well defined results indicates there is much to be done yet.

When it is generally known by employers of labor, lawmakers, our courts and ministers, that the Industrial Lenders make loans in small sums up to $300 to the great mass of people whose need for financial assistance is stern and real, at a rate of interest which years of investigation by non-financially interested people have shown is keyed to the risk involved. The uninformed will come to the realization that their knocks are not justified by the facts, and on the other hand, they will welcome in their communities, the licensed lender furnishing a loan service to the masses possessing no banking credit.

How can the good intentioned but uninformed men and women be made acquainted with the facts?

(1st) Unless and until each Industrial Lender and all assistants in all offices conduct themselves and discharge their duties in a straightforward and intelligent manner, with the knowledge that a skeptical public is continually viewing their every action, the much desired enlightenment of the uninformed will be delayed, if indeed not made impossible.

(2d) Observation prompts the statement that the Industrial Lender advances money in many instances where it is not actually needed. Frequently intelligent advice on managing one's personal affairs would be of great assistance to the applicant, whereas a loan would be harmful.

(3d) The granting of loans in amounts too large and out of proportion to the borrowers income is harmful, and when this is the case, it is always damaging to the borrower and the business even if the loan is finally collected.

(4th) Making more than one loan to a borrower experience has shown, is bad business for the lender, and doubly so for the borrower, for frequently it is found that the borrower is unable to pay more that one loan promptly, resulting in the interest accumulating. When such instances are brought to the attention of employers of labor, lawyers, our courts and other leaders in our communities, it is seen that the Industrial Lender himself is wholly responsible for an aggravated condition that can be controlled by a one-loan Industrial Lender operated Exchange Bureau. In the great majority of cases, avariciousness and greed the forerunners of disaster, are responsible for lending borrowers amounts too large and out of proportion to their incomes.

The one-loan Exchange Bureau can and does eliminate much of this evil. Where there is more than one Industrial Lender in a community, there is need for the Exchange Bureau. In a great many cities in our States, they are functioning now and it is earnestly hoped that 100% membership one-loan Exchange Bureau will be operated efficiently before we meet here a year hence.

(5th) The newspaper publicity the Industrial Loan Business has received during the past several years, has been good. It has fallen short of having the desired result, not because of the copy that has appeared from time to time, but is attributed to spasmodic publication of all educational matter.

(6th) The absence of any well defined organized plan to cover the entire State should be acted on favorably. The Chairman of the Publicity Committee if he is a man as heretofore has been the case, who has practically all of his time taken up with his personal business, should make a connection with a news agency and provided with ample funds so that this important work will receive so gr an impetus that the uninformed will realize that the Industrial Lender fills an important gap in the financial plans o our State.

(7th) In so far as is known, no well organized plan has been developed to enlighten the uninformed, other than through the newspapers. There are other ways and means open to us for conducting an educational campaign and if used, much good should result. There are the publications put out by Chambers of Commerce, the circulation of which we believe is among the representative business people of the State. Much good apparently could be done in running educational matter in these.

(8th) The American Industrial Lenders Association has published many educational pamphlets but their distribution has been limited, and so far as is known, no well organized plan has been effected by our Association to get them into the hands of our representative business people, our law-makers, our courts and clergy. It seems that this means of enlightening the uninformed if adopted would result in much good being done.

(9th) If a percentage of the dues paid to our organization by its membership were set aside for educational publicity and expended wisely, it is thought much good would be done. Twenty-five per cent of the total income of our Association would provide but a small sum for this important work, and if spent judiciously, the benefits derived therefrom if carried on regularly, should be most helpful in shedding the true light on the Industrial Loan Business.

ADDRESS DELIVERED BY V. W. B. HEDGEPETH

Tuesday, November 12, 1925, Southern Hotel, Maryland Industrial Lenders Banquet

Contrary to the statement of your Chairman, I AM in the loan business I have made a loan. I made our FIRST loan. I was ALL alone, filled with pride that at last I way a money lender.

A good looking young fellow with one of those little bristly "oh you quit that" mustaches, came in seeking a loan.

He had a good front, a good story, and for nine years a good job on one of our railroads. He filled out a good questionnaire. He was making progress, I was weakening.

I explained that the rules required a twenty-four hour armistice, that both sides might look over the wounded. He looked sad. He suggested that he did so need five dollars because he hated to stay all day in Washington without food and maybe all night in the baggage car.

I wept. I personally loaned him the five. He came back the next day during my absence and got twenty-five more, temporarily forgetting to leave me my five. That was September 12th.

Do you know I have not seen him since? I can't imagine what's the matter. He was such an honest looking boy.

Our president, Mr. Gardner, is a very positive spoken man. What he said about my judgment kept me away from the office for two weeks and set fire to the office twice in one day!

I began to see a great light. One must be fierce and firm.

My next experience was with a dilapidated looking colored applicant. I began to scowl, and put on my best money lending face.

He pleaded, "Boss I'se just got to have $10.00. My wife is sick and I have to have dat $10.00." I grew stronger. "No!" I said firmly. "Boss, I gives you all the security in de world, but I do want that money quick!" he pleaded. "No!" I said, a little louder this time. "Oh please Mr. Boss, won't you give me that money, my pore wife is sick in bed and I needs that money for a doctor. My wife's in terrible shape."

By that time I was in my best fighting mood. I yelled at him "NO!" "Go home and hit your wife in the head with an axe and work your security off on some one else!"

I learned the next day that he had gone over to the Master Loan Service and borrowed the $50.00, putting up about $7,000.00 worth of furniture including a grand piano or two. From the way the man acted when he went out I am afraid he doesn't like me any more and maybe we have lost a customer.

If Mr. Gardner ever talks to me again the way he did when he heard of this, there's going to be a mighty sudden widow in this man's town. He really seems to think I don't know much about the loan business.

While I have not seen my first and only personal borrower, since September 12th, our Mr. Richardson did make a lengthy report last week setting out in detail the number of miles he had chased him, all over the railroad yards, through box cars, over his back fence, down cobblestone streets, etc., and enclosing a bill for $9.00 for one pair of shoes, and $5.16 cash which he had collected from the fellow's brother-in-laws.

I like the loan business— but I think I'll go and learn to be a barber or something, and let Mr. Gardner make the loans,—Maybe I'll become a historian.

The business of Industrial Money Lending is the oldest business in the world. This is easily shown, from the nature of the business.

Some claim that the oldest human desire—is the desire to borrow. Others are equally certain that the impulse to lend antedates the desire to borrow.

I am inclined to take both sides of the question on the theory than any offer to lend is predicated on the assumption by the lender that he has something to lend which the borrower wishes to borrow.

(That ought to be good politics, Mr. Mayor.)

Well, anyhow and either way, we now know that the earliest recorded transaction resulting from an inner impulse, took place in the garden of Eden when Adam borrowed an apple promising Eve three and one-half fig leaves and the return of the apple on Christmas.

I can see now what happened to *my* borrower. Human nature does not change and Adam acted just like my brakeman. Adam claimed he had fallen into the hands of a loan shark. He said he really never wanted that apple. The woman coaxed it on him. And what with the apple and the fig leaves he never had a chance anyhow.

He then ran out into the brush and tried to repudiate the whole transaction.

It took an angel with a flaming sword to find him and to chase him out of the garden. Just as he put him out he said. "Now Adam, that little transaction will cost you just three and one-half per cent per month forever."

When I reflect that it took an angel and a flaming sword to bring the first borrower up to the captain's office I think maybe I didn't do so badly after all with mine.

Well, in Adam's time, that's when all the trouble started. That's when interest tables were invented—and the department store—the installment plan—the dollar down and dollar when you ketch 'em—and every "come on in" plan known.

Yes, human nature is ever the same. Every man's name still is Adam. Every woman's name is Eve. The fig leaf and the apple are gone, but the bobbed head, the lip stick and the twinkling knees are here, and man is ever paying interest on the offerings of some woman lender or dodging the flaming sword in some other woman's eye.

Human nature, Tennyson's brook and the three and one-half per cent are with us forever.

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If the Toastmaster really meant that I could say what I pleased, I would like to call my remarks, a comment on the new Pilgrim's Progress, covering more than two years personal study in many cities.

"Oh wad some power the giftie gie us,
To see oursel's as others see us!"

Well, I can tell you that in the course of my travels, I found how some people see us—

One banker—"You simply can't trust the class of people who seek such loans." "Did you know that the one hundred and one companies in New Jersey last year loaned $7,148,830 to 47,933 people—That 38,345 of them paid back six and a quarter millions during the same year and that only 300 representing $26,871 were charged off as lost accounts?" No he didn't know that.

That to me answers the question—Can the plain people be trusted! Have they the right to credit?

Another Banker—"Your rates are exhorbitant. The loan companies should be run out of the State. Forty-two per cent a year gross, is little less than theft." —"Did you know that thirty-one National Banks operating in Philadelphia during 1923 earned 31.65% on their combined capital and one of them showed 76.53%." No, he didn't know that. But he did. He also knew that a finance company in which he was interested, charged a prominent man $5,000.00 for a four months loan of $10,000.00.

Still another—"It is unsafe because the legislature will annul these laws."

"Did you know that one-half our States have adopted the Uniform Small Loan Law—that no State having adopted it has rescinded it—and that the business of industrial banking has made more progress in the last fifteen years through scientific study than old line banking made in five hundred years." No, he didn't know it.

Still another—"The business is all right I guess, only it is over done—There are too many loan companies etc.—"

"Do you know there are more banks in Maryland than there are loan companies, that you serve only ten per cent of the people in their ordinary business needs, while the loan companies serve the ninety per cent in their extraordinary personal ones?" No he didn't know.

I found the same arrogance stalking in the footsteps of power, opposition, the same ignorance, the same attitude, the same reception from the legal profession from the giants of the Bar, clear down to the weeniest infant tottering forth from the law school with his diploma under his arm and already humped with care.

I found merchants selling $12.00 suits for $30.00, and $.40 socks for a dollar and a half, and the next minute berating the three and one-half per cent man. Ye Gods and fishes!

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But I found notable exceptions—students of our ever changing and complex civilization—

Great men in the law, patriots in banking, merchants who consider service above profit. From these men I gleaned something of the part industrial banking or lending is playing in the progress of the world. That France, Italy, Germany Russia, Switzerland, Japan, (that most amazing of all the infant nations) and half the civilized countries of the world have friendly laws, and many of them are dotted over with government owned industrial small loan banks. That the astonishing recovery of these nations from the cataclysm of the World War is due in great degrees to their fostering laws, and their understanding of the needs of the plain people.

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My thought about all this is that there is work for our Association. We must educate, we must explain, we must extend our service, we must strengthen ourselves, and we must understandingly defend our position and our claims to recognition as a great moving, necessary force in progress.

The Commercial Banker, the student the lawyer, the merchant, the capitalist, the dreamer, the doer, the creator and the builider, the producer, the worker, all should join with us in the solution of this common problem of us all—How best to promote the genius of civilization and the happiness and the comfort of the world.

* * * * * * * * *

What are the tools and with what methods shall we seek out this solution?

The day of the individual is passing. This is the age of groups, acting as individuals. Corporations are only groups of men inspired by some ruling impulse and pursuing their business under the regulation of laws made and provided.

It is a long way in human conception from the selfish motives of the money lenders of Venice and the goldsmiths of England to the tremendous service of the modern banking idea.

Why not apply corporation principles to the further development of the great place the modern industrial money lending groups have already assumed in this national problem?

These principles are:

(1) Group thought and massed capital.

(2) Vastly increased power for production.

(3) Unusual Benefit.

(4) Perpetuity through regulation by exacting laws.

(5) Opportunity for fair division of profits between executives and workers, without destruction or diminuation of capital. (For short this may be called profit sharing.)

A little thought will convince you that within its limits to function, strategetically and by nature the industrial bank is in position to become the highest exponent of the modern corporation idea that has yet appeared anywhere.

Remembering that every commercial enterprise, every political plea for power, every religious or economic movement and everything that finds its vital coefficient in the thing called "money," must go back to the mass of the people for its very life—let us examine the position of the incorporated industrial bank from the standpoint of the people whom it claims to serve.

(1) Group thought, and massed capital limited only by the power of the officers to command capital and the relative needs of the community.

(2) Increased power for production. The product of the industrial bank is added comfort, more relief from temporary demands, greater opportunity, more power—in short it is human happiness.

(3) Universal benefits—Every living human being who has the respect of himself and the reasonable expectation of being able to repay what he has borrowed and to return a reasonable charge for the service received has the industrial lender at his command.

(4) An opportunity, *not* to join a group of men who are trying to create a money profit through commercial success, but an identification with a group of men who deal in money only, and who are not dependent on *hope* for success, but whose success is insured and whose corporate acts are governed by known and most exacting laws.

(5) Any true conception of the general banking principle involves the thought of not only providing a place to *get* money, but also a place to *put* money. Commonly called "loans and deposits," for convenience or savings.

Why do people save? The main answer, is, that they may some time accumulate enough capital for a later profitable investment. This too often means long years of economy, self-denial, spiritual and social starvation, and ultimate loss through the final transaction where the savings of years are turned over to some hope inspired, or greed impelled, or weakly equipped group of men, and lost in the vast seas of human disappointment.

I now wish to point out that the industrial bank goes beyond the simple savings idea, and through the fast growing profit sharing principle—*furnishes the investment itself.*

As safe as laws and custom can make it. Available to every man, woman or child who can lay by a dollar at a time against the day of old age and reduced earning power, answering every reasonable hope of the sincere man who by every equitable rule is entitled to a share of happiness on his way through this too often thankless world.

Mr. Chairman and ladies and gentlemen of the association, in a way this is my thought of the functions and the destiny of the industrial banking idea.

This is my idea of the plane of this great service:

John Oxenham once made a bid for immortality and I think he achieved it when he wrote the lines:

"To every man there openeth
  A way, and ways and a way,
The high soul climbs the high road
  And the low soul gropes the low.
While in the misty flats that lie between
  The rest drift to and fro.

To every man there openeth a
  Highway and a low
But every man decideth the way
  His soul shall go."

I thank you!

INDIANA

The Fifth Annual Managers' Convention Was Held at Martinsville, Thursday, November 5, 1925

The meeting was called to order by the 2d Vice-President, F. L. Thompson.

The roll call of members showed 56 members present and 6 visitors, including the state supervisor, Elmer Johnson.

The report of the membership committee, H. H. Burrell, chairman, was made and it was surely impressed on the members of the Association that it was their duty at all times to answer correspondence of the various Chairman of Committees promptly and give full information in their possession, always remembering that a Chairman cannot serve them to the fullest degree of efficiency unless their entire coöperation is given. It was a point very timely made and from the impression gained in the various talks, it was not the intention of the members to be indifferent, but merely neglectful.

A bill was presented, amounting to $52.40, and payment authorized; eight new members elected, a series of three letters to 100 licensees was reported. By the coöperation of each member, the Association will reach 125 by February 1st. A vote of thanks was given Mr. Burrell for his very fine work.

REPORT OF CHAIRMAN MEMBERSHIP COMMITTEE

Letters mailed to prospects, August, September and October	350
Questionnaires mailed September 23	45
Returned duly answered	14

REPORT OF PUBLICITY CHAIRMAN, BENJ. BLUMBERG

The report is herewith printed and the remarks from the general membership would indicate each member was sold on this subject. Mr. Blumberg suggested a telegram be sent by each member to his city that afternoon, which was prepared by Mr. Blumberg; the success of this new feature cannot be estimated at this time. The report was accepted with a vote of thanks.

November 3, 1925.

I herewith submit report of my activities as Chairman of Publicity Committee of the Indiana Industrial Lenders Association since I assumed responsibility on June 1, 1925.

1. July 2, 1925, sent articles, "Change Signal To Go" furnished by H. F. Woods, to every town in the state having lenders. Results:
   94 lines in the *News Sentinel,* Fort Wayne, Thursday, July 9th.

2. August 7th, sent out article by Woods entitled "Why Not a Little Budget in Your Home," with the following results:
   74 lines in the *Peru Tribune,* Friday, August 7, 1925.

3. August 13th, sent out article by Mr. Woods entitled "Prevent Exploitation of Service Men." Results:
   73 lines in *Brazil Daily Times,* Saturday, August 22, 1925.
   66 lines front page *Daily Free Press,* Connersville, Thursday, August 27th.
   9 lines in the *Terre Haute Tribune,* August 18th.

4. Mr. Broughman of Marion, reports result of annual banquet at Marion with 76 lines in the *Marion Leader Tribune,* Friday, October 23d.

This is a total publicity of 402 lines up to the present date.

GENERAL COMMENT

I wish to give special credit to those who were successful in getting these articles published, namely, Joseph Baum of Fort Wayne, E. W. Bauer, Manager, Legal Loan Company, Peru, G. W. Leapley, Manager, Legal Loan Company, Connersville, and Roy Latta, Manager, Brazil Loan Company, Brazil.

These men are deserving of special credit for two reasons:

1. Most of the other forty-five lenders in the state who received letters from me, did not so much as pay me the courtesy of an answer.

2. While several did write to tell how impossible it was for them to handle their editors.

NOTE: We can learn very little from the unsuccessful, but I present herewith an exhibit of the articles that appeared, as the best answer to those who are discouraged. It will pay to keep after your newspaper and some day we will find the article that will suit the taste of each particular editor.

RECOMMENDATIONS

I herewith recommend to our Lenders that the best way to get publicity is to do things worthy of public attention in the way of public meetings and association meetings.

This committee is in possession of two particular addresses written for luncheon clubs which will be furnished any member called upon to make a speech.

We herewith extend our thanks to those who have given us their coöperation and express our confidence that the activities of this committee will show better results during the next six months.

As a special recognition for results achieved, I herewith appoint my associates on this committee, Joseph Baum of Fort Wayne and E. W. Bauer of Peru.

Respectfully submitted,
BENJ. BLUMBERG.

Mr. Stratton in talking about Publicity, said each member must first sell himself to the community and to the editor and recommended membership in the various luncheon clubs as a good medium to get better acquainted.

Mr. Hancock then gave a very comprehensive report of the American Industrial Lenders' Association Convention, held at Providence, and referred all members to the September issue of the LENDERS NEWS for a detailed report. However, Mr. Hancock added quite a few remarks and especially did he bring out the one point "That Each member received benefit in the Association in proportion to the amount of time and energy he put into it." Mr. Hancock especially thanked the Association for sending him as a delegate.

The first subject on the program was "Present Industrial Conditions and Their Effect on our Business," by J. D. Williams, Superintendent Community Finance Service. Mr. Williams was unable to attend because of a last minute situation and delegated Paul Huenkemeier, Manager of the Community Finance Company of Indianapolis, to read his paper.

PRESENT INDUSTRIAL CONDITIONS AND THEIR EFFECT ON OUR BUSINESS

In gathering material for such a treatise, I have perused the business sections of daily newspapers, government reports and business magazines, After reading all this material, there is one fact in relation to the industrial condition of the country that stands out clearly and distinctly. That fact is, "Business is good, and getting better with every evidence of years of prosperity ahead."

What applies to business generally, naturally affects industry; what affects industry, naturally affects those folks who are referred to as the Industrial Classes—our customers.

Charles M. Schwab of steel renown, tells us that steel, the Nation's Business Barometer, never had a better outlook than it has today. Leaders in Electric and Radio Industries augmented optimistic predictions of excellent busines. Automobile production and sales are on the increase. Cotton production has gained 467,000 bales over expert estimation. Farm implement trade is very active—exports of these commodities in September being 117.4% more than a year ago. The country's trade condition as a whole is more active than last year. Production, sales, wages and employment are all increased according to a survey made by the National Association of Manufacturers.

In all this bouquet of business flowers, there seems to be but one prickly thorn—the Coal Strike in Pennsylvania. Even that isn't causing the anxiety it would have caused a year or so back. An amicable settlement of this condition seems assured.

Everywhere you look there is optimism. Industrial bankers should be optimistic too. for with the growth of industrial banking comes an increased need for our service, a need even greater than that in the time of financial emergency.

Never will there be a time where the great majority of our people will have all the money they need. No matter how prosperous our great country becomes, folks will borrow. However, with the outlook of steady employment and good all-around conditions, workers will look toward improvements of their standards of living. Loans will be made for the purpose of long-needed improvements to the homes, for business advancement or for educational purposes. These loans will be even more constructive than those made under ordinary circumstances. The borrower will make a profit either in actual money or bettered conditions. Borrowing to make a first payment on a property, to keep a child in high school or to send a boy to college, is sound common sense. Too, these loans are better credit risks by virtue of the financial condition of the borrower. They make for mighty good business.

Of course, the necessitous borrower should and will be cared for. Those folks, who, through sickness, death in the family or temporary loss of employment come to us for money to tide them over the emergency, are just as worthy and just welcome as any other. From a sentimental standpoint one might say that it is to those folks we do our greatest service. No doubt, that is true.

Regardless of the industrial conditions, however, we will find both kinds of borrowers.

Regarding the direct effect of industrial conditions on industrial lending, the situation in the Pennsylvania Coal Fields offers a concrete example. There, in cities where the bulk of the wage earners are employed in the mines, is a marked hesitancy on the part of the people to accept the obligation of borrowing. The uncertainty of employment has certainly retarded our business. However, this condition is temporary and the action of the good people there in hesitating to take on obligations when they are not positive of their future ability to make prompt payment is a good sound condition. Later when the mines resume operation and those folks have regained their earning power, it is to be expected that they will of their own volition call on us for financial aid to restore their credit standing, if it has suffered.

Industrial conditions do offect our business and should be closely watched and studied by Industrial Bankers. However, the need for borrowing on the part of the public and the opportunity to serve on the part of the lenders is present under any conditions.

The present industrial status of our country is encouraging and presents us with an excellent opportunity to make enormous strides towards the goal we have all set for ourselves. The word of the day is "FORWARD"—let's go!

T. M. Kaufman addressed the Convention on "How to Obtain New Business." He discussed very thoroughly and ably the advantages of newspaper advertising and the necessity of carrying an ad daily; house to house circulars, circular letters under a two-cent stamp and advised to tell them quickly and tell them often about your service. Courtesy in the office at all times, is one of the best mediums to build Good Will. Old customers are a very valuable asset as are also membership in civic clubs and your getting acquainted with grocers, coal, furniture and piano men.

The question was asked how one member built a large business with no advertising and this was answered by the Good Will established through years of service with another company and being permitted to take a list of old customers. Otherwise no money was spent in advertising but considerable time was expended in building up the Good Will, which after all, is nothing other than a different form of advertising.

The question was asked by a new member "Is it profitable to advertise when business is slow." Mr. Farrington said there was no slow period generally and advised continuous advertising. Mr. Arnott replied to advertise heavy when the demands for money were most prominent. Mr. Hynes, representing the Welfare Finance Company of Evansville, reported $5,000 business from 700 circular letters. Mr. Chenoweth a new member, reported satisfactory results from putting the tax rate of the various townships on a card and his ad on the reverse side.

Fred Davies then read a paper on "Why I Should Belong to Civic Clubs and the Chamber of Commerce."

WHY I SHOULD BELONG TO A CIVIC CLUB AND THE CHAMBER OF COMMERCE

I have been asked to give an expression of my views on why it is advantageous for a member of this association to identify himself with one or another of the civic clubs that may happen to flourish in his community, and likewise why it should benefit him to identify himself with the Chamber of Commerce. Perhaps this subject has been wished on me because I have been a member of the Kiwanis Club in my own home town since its inception—I am one of its charter members—and at the beginning of the present year, I was honored by being appointed club secretary.

Time was not so long ago when a member of this profession was referred to slightingly as a "Loan Shark." I am glad to say that we no longer hear this phrase applied to a business that has come to take rank with any and all of the legitimate callings, by adopting and adhering to a policy of square and honest dealing with our patrons. The business of money lending has taken a new dignity and as a profession, it is now regarded with respect by the other business and professional men in the cities where we have offices. This is as it should be, for the business of loaning money in small amounts fills a want in any community that is as essential among the class who comprise the majority of our patrons as is the business conducted by our banks and trust companies.

I have said that I am a charter member of the Kiwanis Club in my home town. I do not mean that I have merely been a member—a passive member. From the first I identified myself with all the club's activities, which are numerous and far reaching in Kokomo. I did not shirk from any obligation that was put upon me as a member, but earnestly and diligently did my share of work on committees and in various official capacities I have held in the club, often sacrificing time and money in so doing. What have I gained by it?

Before answering this question—an answer will at the same time be an answer to the question implied in the subject of this paper—it may be well to enlarge upon the aims and purpose of civic clubs, such as Rotary, Lions and Kiwanis. Most of you are members of one or another of these organizations. But to all of you, I trust, my experience as an active member of Kiwanis and my Chamber of Commerce will not be without some degree of interest and perhaps also not failing to carry an idea or two that may be of benefit to you.

The Kiwanis Club to which I belong has a membership of one hundred and twenty-five. A limit was fixed at that number because there is no place in Kokomo where a larger membership can meet conveniently for our regular weekly luncheons, which start at a quarter past the noon hour each Thursday and last until one thirty, an hour and a quarter that is well spent. When I add that there is usually a large waiting list of applications for membership on file, you may understand that membership in the Kokomo Kiwanis is considered desirable.

Now take a survey with me of the personnel of this membership, of the class of citizens composing it. Our mayor is a member. The head of our largest industry—one of the largest industries in the state of Indiana, by the way—is also a member, one who takes a keen delight in all the club activities. He also happens to be the president of our Chamber of Commerce, and a very energetic, aggressive president, too. Numbered among my fellow Kiwanians are the leading bankers of the city, the foremost ministers, lawyers, doctors, business and professional men whose standing is generally second to none in Kokomo. In short, the membership is made up of representative citizens. Now then by becoming a member of the Kiwanis Club and the Chamber of Commerce, and willingly and cheerfully assuming my share of whatever burden that might be occupying the time and attention of one or another of these bodies, it has been my privilege to sit in councils of these representative men of affairs. We have frequently worked on committees together; they have learned to seek my council and advice; they regard me as one of them and on an equal footing in a business way with themselves. This has given the loan business in my city a prestige that it did not enjoy previously. It has been elevated to a level that puts it upon an equality with any business.

The activities of the Kiwanis Club—in fact, of all civic clubs—are directed toward bettering some condition in the community; toward helping community institutions toward uplift and building and growth and development generally. For this reason a live civic club and Chamber of Commerce, have thousands of points of contact with every part and phase of the city's life. You become known to many under the most favorable condtiions, and I believe that I may honestly say that the consistent part I have taken in the activities of Kiwanis and my Chamber of Commerce has reacted to benefit my business immensely. So if a word of counsel from me is in order, by way of conclusion, I can think of nothing that would be of more value to such of you, who are not already active members of civic clubs or commercial body, than to urge you to identify yourselves with both. Do not merely become a member, but plunge into the activities of club and Chamber of Commerce. If you are put upon a committee to go out and raise money for the Y. M. C. A. or the Red Cross, pull off your coat, roll up your sleeves and get out and hustle to see if you can't get more pledges than the other fellows. It will be of priceless benefit to your business.

And last, but by no means least, the pleasure and enjoyment you get out of it, the good friends that you make, alone will amply repay you for the time and effort thus spent.

The Convention adjourned for luncheon which was served to 65 members and guests. Allen Moore, president Greater Martinsville Association, extended a very hearty welcome to the convention. Response was made by our own Mr. Stratton. A. G. Rose, chairman of the Entertainment Committee, was toastmaster.

The afternoon session was called to order at 2:30.

The report of the Uniform Paper Committee, F. L. Thompson, chairman, was made. Mr. Thompson offered his note book as evidence that this committee is working hard and hopes by the first of January to show some tangible results. He advised that three meetings had been held and another meeting would be held Wednesday, November 11th.

J. W. Eastep, of South Bend, was unable to attend and forwarded his paper to the secretary. It read as follows:

The Results When Appraisers Fail to Properly Investigate the Title to Security

Our secretary has asked me to prepare a paper for this meeting on the above subject. I wondered why he assigned this particular task to me. I advised him I would be unable to write this on account of being too busy. This, of course, was not only an excuse, but I really thought I would be unable to properly handle the subject. However, he insisted on at least a paper, which has been prepared.

In checking up the application in our office, the conclusion was made that our secretary must have had a line on us and assigned this subject as a "Hunch" to be more careful in the future, before OK'ing loans and passing on ownership of security.

The IMPORTANCE of "Properly Investigating the Title to Security, by the Appraiser," or other qualified Representative, and confirming the fact that the TITLE IS CLEAR (as is done in real estate transactions), is conceded to be a *very necessary and essential* step toward protection and avoidance of future trouble with accounts, even to the extent of becoming involved in legal procedure and sustaining loss.

I would not say that it is *entirely* the appraisers' duty to investigate the Title to Security to the final point of advancing credit, but to the extent of obtaining all the information possible at the time of appraising the security, The final responsibility would have to rest, of course, upon the management or appointed officer, to follow up the appraisers' lead, and confirm whether or not all debts or liens have been paid or adjusted satisfactorily, before granting the loan.

Certain specific cases have occurred or come to my attention during my experience in the loan business whereby "false affidavit to title" has been made.

Recalling an instance where a young couple having been married but a short time, applied, at a local loan company for a $75.00 loan. The appraiser called at their home, which was neat and orderly and listed the household goods which were fairly new, yet showed signs of usage Upon inquiring if the furniture *was clear and paid for,* he was assured that such was the case, and they did not owe a cent to any furniture house.

They were both employed at a local book bindery and were making good wages, getting their salaries every Saturday and were *paying cash* for everything they purchased.

Now, before this loan was OK'd and granted, each furniture store in the city was called and inquiry made if this party had an account with them. It seemed they had not, so the young couple was passed as OK for a reasonable amount, and after paying their account, came back for the second and third loans. By this time they had firmly *established their credit* with the company, by paying promptly each week, to the extent that they were considered A-1 customers.

Now for the gloom. First, their payments failed to come in as promptly as usual. Then, it developed that the wife had lost her position. Their payments became more delinquent, therefore, forcing the husband to confess that he was getting a very small salary (also he seemed inclined to loaf since his wife had stopped work).

Eventually, the appraiser, who incidentally was also filling the position as collector, called at the home and found that they had separated and their home was broken up, due to the fact that a furniture store had repossessed the household goods. This proved to be a *new furniture store* that had started up just previous to their obtaining the first loan, and had been overlooked in being called for any of this information. Needless to say, the balance of this account was charged to Loss and Gain.

As in the above case, failure to properly investigate the title to ownership of security often results in heavy losses to the loan company, litigation with furniture houses or other concerns which may have a claim on the security.

This action of repossessing the furniture, many times alarms the borrower, causing him to skip. The loan company loses the account, unless the borrower can be located and prosecuted for obtaining money under false pretense upon security to which he did not have a *clear title*. In many cases a cash settlement is effected with the borrower before prosecution is enforced.

Of course, using the law is not always a procedure that is advisable, owing to the fact that in a great many localities the county officers are not in sympathy with prosecuting these cases. Also, in a great many instances, the loan companies are not willing to prosecute for fear of public opinion, realizing that the public does not always see our side of the question readily, or in the right light.

I believe when a loan company has made a determined effort to investigate the "Title to Security" and finds afterward that there is a previous encumbrance that affects the title, the loan company need not hesitate to prosecute the case any more than a bank when defrauded.

As to the trouble that may occur, should the appraiser fail to properly investigate the title to security, one could continue indefinitely mentioning various results, but *the one important thing that is bound to happen*, is the loss that the loan company must suffer in *cold dollars.*

Therefore, do not hesitate, nor let your appraisers hesitate to ask the necessary questions pertaining to information that may prove to you, beyond a doubt that your security is clear. They, (the borrowing public) do not hesitate to have our ideas and methods thoroughly explained to them, to be fully convinced of our legal loan rates, before they decide definitely upon the loan.

L. L. Bishop suggested that a committee be appointed, which could act for the Association in matters of fraud perpetrated on members of the Association. This matter was discussed very thoroughly by Messrs. Baum, Hynes, Stratton, Rohn and others. *The law committee should be consulted on all matters of this kind before any action is taken* and it was the consensus of the convention that all suits, etc., should be immediately reported to this committee, of which T. M. Kaufman, 360 Guaranty Bldg., Indianapolis, is chairman.

The subject "Consideration Each Company Owes to the Other" was discussed but some of the former subjects brought out most of the redeeming features of this subject.

The President then appointed Messrs. J. H. Aufderheide, Blumberg and Mitchell a committee to decide on the prizes to be awarded on the following subject: "The Hardest Collection Ever Made," Messrs. Crunk, Clift, Wilcoxon, Russell, Bidwell and Thomas participating.

Mr. Thomas was declared the winner of first prize, $10.00; Mr. Bidwell, second prize. The first prize was won because of quick thinking and alertness. Mr. Bidwell won second prize because of the persistency and determination that the money would be repaid. The prize-winning essays follow:

Mr. Chairman and Gentlemen:

In classifying collections to determine one of the hardest, the question comes to my mind as to the nature of the act of collecting, whether by physical labor, long endurance, or matching wits with an obstinate customer determined not to pay or believing he could not be made to pay. At any rate, I will leave this to the judges for consideration.

In the month of April, 1923, I entered the employ of my company. Some time later this account came to my notice. Wanting to know something about the conditions regarding the account, I asked the manager why the account was never collected, and was informed it was a skip and could not be located. Somehow I felt I might be able to locate the party. I was promptly informed it would be a waste of time as it had been tried before by men who had more experience than I had. I took the card out and each chance I had I worked on it. I found relatives but they refused to give any information. Other men had tried and the relatives were posted.

After one year of constant inquiry, I found a party who at one time had some trouble with this John Doe, as we will call him, and they gave me the name of the little town near the Ohio River in which this fellow was keeping under cover. They also informed me a loan company was looking for him because this John Doe had mortgaged some furniture that was not paid for. The furniture company had taken the furniture and John Doe had refused to pay the loan. But by me being the insurance man and having a nice little dividend to present to John Doe, he could not see why he would not be very glad to get it.

In the month of February, 1924, a new manager came to our office. Our general supervisor also came down. In going over some of the old accounts, we found two bad ones of considerable amount were in Cincinnati, Ohio. I had obtained an address upon them some time before. I also knew this John Doe was not far from there as I had sent him a registered letter signed receipt requested, and had received the receipt. I expressed myself as feeling that I could in some way collect this account from John Doe if I could only meet him face to face. Having had good luck in collecting bad accounts before, the supervisor, Mr. Brown, seemed to have some confidence in me. He said "All right, Thomas, here is $25.00 expense money, get on the train, go to Cincinnati, see the other accounts and collect John Doe."

I went, determined to bring back some money. I arrived in Cincinnati in the afternoon and before 8:00 p. m. had a collection from one of the parties and papers signed that he would pay each month. (I wish to say here that this party paid out as he agreed to do.) In this case I was the attorney for my company.

The following morning I arrived in this little town of John Doe's about 10:45, began hunting my man, found he had moved three times, and each informant gave me additional information as to his worthlessness. I finally found his home. He was not there. I talked to his wife, firmly but kindly. I did not want to take him back to Indianapolis on account of the wife and children, but felt I must do justice to my company who had paid my expenses to come down there. She began to arrange to go hunt him. I informed her I would have to see the sheriff there and make some arrangements, so I would go ahead and then be at the depot, and if her husband cared to see me he could come over there before train time, and if he did not, I would leave word with the sheriff what to do. It worked.

I went straight to the depot and waited. In about twenty minutes a large, tall fellow burst into the waiting room all out of breath. Out of the corner of my eye I could see he was my man. I did not look up or appear that I was expecting anyone. I let him approach me, which he did at once in no gentle manner or tones. "Say, did yer want ter see John Doe?"

I glanced up, smiled, and said in a pleasant voice, "Oh, yes, are you Mr. Doe?"

"I sure am," said he, "come on outside, I want ter see yer a minute."

I followed him out thinking he might show me a few things, but I came after money, not trouble. This I kept in my mind, "It's the money you want, Thomas, so talk, don't fight."

Once outside another fellow stepped up to us and John Doe cut loose.

"I guess yer that attorney fer that loan company aint yer."

"Yes, sir," I replied very snappy, and before he could open his mouth again I told him what I came after, how much and how quick I wanted the money. I finished up with the advice that I did not want to turn him over to the sheriff, but would have to do so in case he refused to pay me, but would just leave the matter with him.

"Well, now, I'll tell ye something," he answered, and he did too. "Ye can't scare me with any of that stuff, fer that furniture wuz not paid fer when I got the money and that manager knowed it, and besides when I got yer letter I went up here to my lawyer and he said I did not have to pay it and yer could not make me either, so yer might as well draw in yer horns and go back where yer came from Mr."

I'll confess he had me for an instant, but that was all. I came after the money and I was going to get it somehow.

"Say fellow," I replied with a smile, "you must have some very smart attorneys in this burg if they would tell you a thing like that. Who was this big fool anyway?" He gave me his name, that's what I wanted then.

"Well, all right," I replied, "if you care to take that stand in the matter it's nothing to me, only I will have to step in here and put in a long distance call to my company and see if they want me to go ahead with my arrangements with the sheriff. Think it over if you want to while I am waiting for my call, but don't forget they can have you brought back whether you have to pay it or not, that is going to cost you something old fellow."

I left them standing and went inside the depot. I looked out the window and saw these two birds get their heads together. I afterward learned it was John Doe's father. Instead of calling my company I called this lawyer, his name being in the little book called directory. I asked him if he knew John Doe.

"I certainly do," he snorted.

"Oh, does he owe you too," I asked.

"He owes everybody in town," he replied, "and won't pay a dime. He is no good and if he owes you Mr. you are out of luck, you might as well try to collect from a dead man."

"Did he ever say anything to you about a loan company being after him," I asked.

"Yes, I believe he did and he never even paid me for the advice, as well as I can remember."

"Well, I answered, I represent that loan company, and I am here to collect. This is an honest debt and he must pay it; I know what you told him before, but you were mistaken. I am going to bring him up, and also give you $5.00 for telling him you were mistaken and giving him some good advice. If he won't pay you for bad advice, I will see that you get your money for putting out the real stuff. I have the mortgage to turn over upon receiving the money. Now what do you say?"

"Bring the dirty cuss up," he shouted. "I'll tell him a few things."

I stepped out to them, "My company says to go with you to this attorney, whoever he is and tell him about the case and see what he says about it, as you will not believe me."

He smiled as he replied, "Sure, come on Dad and go along."

We went to see the attorney, I was introduced to him, was very glad to meet him and at once laid my case before him.

"My God," he began, "I never knew it was this bad," and then the advice, tons of it. Michigan City was full to overflowing to hear him tell it. Finally Mr. John Doe asked me very meekly what the least I would settle for in cash. I figured up the interest, attorney fees, railroad fare and got a good figure in order to cut it down. It was around $190. Then I began to figure how much I could afford to cut for his sake. I finally cut to $140.00.

He and the old man had a little talk and asked me if I could wait a little while. I made it plain I would not miss my train out of there due in 35 minutes for no one, and if they wanted to take the chance of missing me and let the sheriff settle it, that was up to them.

They left. I paid the attorney the $5.00; we talked until we heard them coming back up the stairs, and in just one hour and 45 minutes from the time I arrived in the little city, Mr. John Doe had his old mortgage colored with age, and I had $140.00 for my company.

W. A. THOMAS.

MR. CHAIRMAN AND GENTLEMEN:

This is going back to Biblical times and I will not try to put any flowers in this article.

A loan was made March 5, 1914, for $15.00. Five years later I became manager of the National Loan Company, in the Board of Trade Building.

I went out to find this Green Thomas, who owed a balance of $6.65 principal. After a week of hunting, I found the man in the K. of P. Building. I told him I could not carry an account like this and pointed out why he should pay.

Here is where the trouble began. He gave me to understand he never got the loan from me, and he would pay it as he pleased. He would not sign any new papers, and the papers we had were under the old 2% and 3% extension fees.

Well, I had to call about four to ten times a month. All I could get was 25c a month, until, June 16, 1924, when a payment was made on the principal. I will give you the dates that I collected on the principal: March 20, 1925—11c; June 2, 1925,—46; July 22, 1925,—$1.00.

Now, the account was half paid and he asked me to renew the loan to $15.00. Boy! This was where I saw one step either way and I was through.

I told him that I did not know what the company would do. If he wished, he could pay me off, and I would write to the president and see, or, he could go elsewhere to get more money.

Then he did not pay anything for two months. I went after him every other day. The balance was too small to go to court. He got desperate and said he was going to have some money at once. I told him to get me $3.57 and pay in full. Then, he would have a right to make a loan with some other company, but he could not as long as he owed the National.

In about two weeks he called me over and paid the $3.57 and I said, "never again." This is why it pays to be persistent.

C. E. BIDWELL.

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Honorable mention to others.

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The President then appointed Messrs. Callender, Durnell and Kaufman as a committee to award the prizes on the following subject: "Training Outside Men by Managers." Messrs. Clift, Farrington, Hardisty, Crunk, Houck and Bishop participating. Mr. Clift was declared winner of first prize, $15.00, and Mr. Farrington second prize. The winning essays follow:

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FIRST PRIZE

Mr. Chairman, and Gentlemen of the Convention:

In the training of outside men by managers, I wonder how many managers realize their full responsibility in training a man. It is up to him whether this man succeeds or fails in life. If he is a success in business life, he will likewise be a success in his home life, for no person can really succeed in one thing and fail in another. If the manager is conscientious, he requires the outside man to always give his very best, to love his work, to always be trying to get ahead, or in plain words, to be on the job every minute of the time.

There are certain qualities I think all outside men should have and which I would like to mention. I do not expect you men to agree with me, but as I see it, these qualities are an absolute essential.

First is honesty. In honesty, I do not mean money matters alone, but in time. It is very easy to waste ten minutes here, fifteen minutes there, and when a person does this, is he honest? Your employer has paid you for that time and it rightly belongs to him, so it is necessary that an outside man realize the value of honesty in every minute detail.

Second is persistency. This quality is most essential in the loan game of today. A person can not know the word quit, but must keep on trying. If one thing fails, he must try another and if that fails try another, but never allow yourself to ever think it can not be done.

Third is initiative. A man must be resourceful to always be on the alert and to be able to reason things out for himself. There are situations arising at all times a man must be able to handle himself without calling on the manager and the man who can use his head is invaluable.

Fourth is aggressiveness. A man should be of the aggressive type, a quick mover and a quick talker; it should indicate a quick thinker. An aggressive man is a positive type and the man who is not aggressive is of a negative type and only a positive type can succeed.

Fifth is neatness. A person should be very neat, both about himself and his clothes. He should always have on clean linen, keep his clothes pressed, shoes shined, clean shaven, hair trimmed, teeth cleaned, and he should hold himself straight and have a dignified manner about him.

Sixth is ambition. If a party has no desire to improve himself to get ahead, to strive for some goal in the future and is willing to pay the price to attain it, he is not worth wasting any manager's time.

Seventh is the last but not the least by any means and that is a man must be religious. I am not speaking of creeds, but a man must be a believer in a supreme power and have a desire to try and live a good clean life. The outside man must go out and talk square dealings and honesty to people and if he is not trying to live that kind of a life, he cannot talk convincingly. A person must be square and live clean if he expects people to have faith in him.

Gentlemen, any person possessing the qualities I have mentioned under the supervision of a conscientious loan manager, is bound to reach the goal of "An Ideal Outside Man." C. E. Clift.

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SECOND PRIZE

"Training Outside Men by Manager"

The term "Outside Man" should be somewhat transitory, because, with proper natural ability coupled with correct training, he should develop into a better situation.

A great deal of responsibility rests with the Manager who selects and employs the Outside Man. He should select a man whose personal appearance, education, and natural ability will qualify him to represent the firm in any capacity. The appraiser of today may be the President of tomorrow. Get the best possible qualities obtainable for the price you can afford to pay.

He should be a man who mixes readily with all classes of people and be able to keep up an intelligent conversation.

Some less desirable traits which do not always appear on the surface should be guarded against. Some men have splendid ideas but do not put them into practice. To illustrate: a Tennessee lawyer came home one day and met his son in the hall, the son asked if he were a good mathematician. "Yes, my son, I think I am pretty good." "Well, then, I have a problem for you to work. There were three frogs sitting on a log,—a bullfrog, a tree frog and a toad frog. The bull frog decided to jump off. How many frogs were left?"

The father smiled. "Two frogs were left."

"That's where you're wrong," exclaimed the boy. "Three frogs were left. The bull frog only decided to jump off. He didn't jump."

The man referred to above does not act on his decisions. Consult former employers about such qualifications. Avoid the clock watcher but do not expect a man to work indefinitely and still give his best efforts.

A man once applied for a position in a machine shop. The foreman put this question to him. "Are you one of those fellows who drops his tools and runs as soon as the quittin' whistle blows?"

"Certainly not," he replied. "I always have me tools put away long before the whistle blows."

Stress is thus placed on natural qualifications, because a good foundation is very essential before a superstructure can be built.

No man should be sent out from the office to transact business for the company without first understanding the fundamentals of that business. The prospective customer will get his first impression of the company from the "Outside Man." He should be taught the nature and importance of the business as well as its uncertainties and hazards. He will then understand why a great many details are required apparently without a purpose.

For example: Why get so many references on the application, why prove the security to be clear, why inquire so often about change of address? The answer to such questions should be known before the Outside Man is sent out alone to risk the reputation of the firm. His attitude toward difficult accounts should be firmness but not bluster. He should use tact instead of noise or roughness.

It is the duty of any Manager to require respect for the business by making the business respectable. Honesty should be insisted upon. The dignity of the business should be impressed upon him.

A common mistake made by many managers is to tell the Outside Man just what to say or do, when calling on a customer. Let this point out this fallacy.

A doctor had been calling on the Malone family. Pat was sick. One morning he inquired after the patient.

"Pat is dead," she replied.

He was astonished. "Did you give him the powders I left here?"

"Yes, sir," she said. "You told me to give him what would lay on a dime; I had no dime, so I gave him what would lay on ten pennies and the funeral is tomorrow."

Lastly, place all the responsibility on him that he can carry and then expect results. If he feels that the position offers no chance for success or advancement, quote him this from James Anthony Froud:

"Any honest occupation to which a man may set his hand, will make him a success if he learns all the knowledge of his craft." G. W. Farrington.

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Training Outside Men By Managers

This situation does not exist to-day in as hard a form as it formerly did in days gone by, because we, having elevated ourselves and our ethics, naturally employ higher caliber men who come prepared and equipped better mentally, and therefore fit into the organization more easily; you get this better class of men by going into the field and paying the price for them.

Conceding this advantage, it is then the manager's place to advise the new man of the particular position he is to hold; I believe that all companies should instruct their men in all branches of the business as soon as they are able to absorb it, from the taking of payments to the making of a loan.

A new man must be drilled in courtesy; he must be versatile, able to look at each particular case on its own merits; he must soon learn how to read human nature and how to handle each individual complaint; where to start and when to stop; he should have intensive instructions on how to take an application; should be taught the many little things an appraiser should see at the home while making an appraisement and shown how important this is to the manager who will ultimately pass on the application, basing his decision to a large extent on his report.

Finally, a new man should be given a high opinion of YOU and YOUR BUSINESS; he will be as good or bad as YOU make him. If the environment in the office is good and high class, he will soon fall in line; you cannot expect a new man to assume the initiative in these respects; they look to the ones above them for their instructions and actions. L. L. Bishop.

—

"Training Outside Men By Manager"

SALESMANSHIP

If possible a man should be chosen who has had some business experience in the way of salesmanship, as it is very important that an outside man be able to know how to meet the public, and talk to them, because if he cannot talk his business in an intelligent way, he cannot sell the business to the public.

Never consider hiring an outside man unless he has the ability to become a manager some day, as you are only wasting his time as well as your own.

GENERAL EXPERIENCE

An outside man, while his work is on the outside, should be kept in the office occasionally, and taught the system of handling the business inside, such as the regular routine of Daily, Weekly and Monthly reports, because, if he is to be a future manager, it is up to him to know how this work is done if he expects to teach others under him.

APPRAISAL OF SECURITY

This is the most important work in the loan business. I know of no better way for a man to learn the market value of security, than to have him attend sales, where furniture, pianos and talking machines, etc., are sold at public auction. This will give him about as correct a value of this security as could be had. In fact, if loan companies appraised goods according to the price they are sold for at public auctions, they would never have a loss by over appraising the security.

CREDIT

It is very important to see that the security is paid for. If the goods are old, nine times out of ten, they are clear, but, if new, and they have no receipts, always find out where the goods were bought, and the furniture stores will be glad to tell you whether they are paid for or not. It is a very good idea, to mention to the party who wishes to secure a loan, just before he signs the mortgage, that he, in signing same, is making an affidavit to the effect that the goods are free from all encumbrance. Then in small towns where the loan companies have no clearing house for applications, see that the customer has no loans elsewhere, and thus avoid the doubling up of accounts.

COÖPERATION

The best of feeling should exist between you and your competitors, as well as the furniture stores, because, by coöperating with each, you will have less bad accounts to charge off.

J. C. Houk,
Commonwealth Loan Co.,
Elwood, Ind.

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Training New Outside Men

All managers here to-day have had more or less experience in the training of new outside men. Sometimes it is a very difficult task. There are three reasons to offer for this statement and the manager takes the following chances:

First, employing the right men and those whom he thinks are qualified for the position. Second, employing men who are honest and will work to the best interests of the company. Third, men who will take an interest in the work and strive to make good in the future. I will divide these outside men into two groups, namely collectors and appraisers.

It is generally conceded that new outside men should be efficient collectors before they can be good appraisers. There is more to consider in this department of the loan business besides their ability to collect and appraise. They must be likeable fellows and gain the confidence of the people. They must be courteous and hold the confidence of their clients and there is no doubt in my mind they will be successful outside men.

However, in this day and age, collectors are not needed as much as high grade appraisers, because most loan companies have discontinued this department and depend on collecting through the mails. Much depends on the appraiser for they pave the way to the company's success or failure.

The manager of a company is responsible for the men who work on the outside. These men have very difficult work to perform. They fight the weather and sometimes the unruly client.

I never will forget my first experience as an outside man. One of our clients became unruly and the manager sent me to see him. I was not collecting but merely wanted to have an understanding regarding future payments. When I first approached him, I could tell he was in bad humor and I might be in for a severe flogging. I began talking about his account and then he started to give me a tongue lashing. I heard what he had to say and then started to reason with him. Before I left the house he was in better humor and I received a promise to pay at a later date. I will admit I was somewhat frightened at the time, being a new man but I had plenty of courage and put it to good use. So to be good outside men they must have courage to meet critical situations of this nature.

New outside men should have assistance from some one with experience. It is well for the experienced man to spend some of his time with the new men especially on their first attempt at appraisements. He should show the new men how to place a value on goods and to size up the situation in general as to the possibility of making the applicant a loan. After the new men have been in the work for a while they soon become efficient and are ready to carry on the work. One of the very important duties in training new men on appraisements is to look up the title to the property and also decide as to the applicant's ability to repay the money borrowed. All these experiences should be explained by someone in authority.

New outside men should know something about the inside work of an office. They should be able to assist the manager by learning every branch of the business. They can be easily groomed for a manager later on. In fact, they become managers of the field territory and are an important factor in the business.

When I first started in the loan business, I was a collector, then later an appraiser; next a bookkeeper, then manager. The loan business at that time was hard to operate and many perplexing situations arose. It took good field men as well as other assistants to operate it. We had no legal rate of interest, neither had we a law that would stand the test. We were operating on the old high rate system. Now we have a better regulated business and this condition makes the training of new outside men easier. They will make loans thinking at the time that they can be collected. They will have more confidence in their ability to collect.

Several years ago clients could plead usury thereby defrauding the companies out of their profits. By having a law which is fair to both lenders and borrowers, and making the business easier to handle, makes the training of new outside men a pleasure.

Therefore, we will have to admit, that the new outside men who work hardest, generally profit most and become the future loan men in the business.

Mr. Crunk.

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"Training Outside Men By Managers"

The new men one hires should be carefully selected—they should have a neat, clean appearance, good character, strong personality and be alert and willing workers.

Start at the beginning by teaching them the general principles of the work they are expected to do, the business they are to uphold and the state laws governing the same, for they must thoroughly understand every phase of the business before they are able to explain it properly to the prospective customer and be able to answer all questions asked by him.

The outside men should always be courteous to the customers and cause them as little trouble as possible when listing security and take plenty of time and patience when explaining the transaction to them.

Full responsibility of the outside work should be placed on your men and they should be held liable for the way they handle it.

Instruct your assistants to use good judgment in dealing with the people, to be firm and persistent in a tactful way, yet gentle in their manner and try at all times to keep the clients' good will toward them. Differences of opinion are bound to develop, especially when making hard collections and nothing is ever gained by them being hard boiled or offensive.

If any blame is to be placed, place it against the company as the customer will not hold an enmity against a company as he will against one person.

The assistants should study personality—it goes a long way to help select the good customers, from the bad ones.

Train the outside men to take the same interest in the business as they would if they themselves owned it and to decide their everyday problems accordingly.

Remember this: always be courteous, patient, persistent, but thoughtful as to the customers' likes and dislikes and this will be a great asset towards making a success.

R. C. Hardisty.

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Honorable mention to others.

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A rising vote of thanks was extended to Mr. Rose, Mr. Criner and Mr. Moore and the members of the Greater Martinsville Association for the wonderful coöperation and hospitality shown our convention and the secretary was ordered to spread these on the minutes and to write each one so expressing the voice of the convention.

There being no further business, the convention adjourned and was taken over the city on a sight-seeing trip.

R. F. Hartz, *Secretary.*

MEETING SCHEDULE

RHODE ISLAND—Providence, December 17, 1925, 7:30 P. M., Biltmore Hotel.

GEORGIA—Atlanta, January 12, 1926, 7:30 P. M. Capital City Club.

TENNESSEE—Memphis, January 15, 1926, Claridge Hotel.

MASSACHUSETTS—Boston, Mass., January 21, 1926.

NEW JERSEY—Trenton, N. J., January 21, 1926.

VIRGINIA—Richmond, January 22, 1926.

MICHIGAN—Saginaw, April 15, 1926.

THE PRESIDENT'S "RAKEOFF" AND THE USURY LAW

By M. L. Hayward

If the directors of a bank elect a president, who has power to make loans for the bank, and a borrower arranges a loan from the bank through the president, at the legal rate of interest, but the president charges the borrower a commission for putting through the loan, which the president pockets, so that the legal interest plus the commission which the borrower pays constitutes a higher rate of interest than the usury law of the state allows does this transaction make the bank guilty of usury?

Supposing that the answer to the preceding question is "yes," that the bank in question is a state bank when the transaction takes place, but subsequently is changed to a national bank, surrenders its state charter, continues as a national bank under a national charter, but the officials and general management remain the same, is the new national bank liable for the usury arising out of the transaction with its predecessor, the state bank?

These two points arose in the case of McCarthy vs. Liberty National Bank, a decision of the Oklahoma Supreme Court reported in 175 Pacific Reporter, page 940, in which the facts were as follows:

John S. McCarthy wanting to borrow $6,000, went to the state bank and negotiated the loan through the medium of its president. The transaction assumed in outward form the guise of a loan of $8,000 for one year. This amount was placed to the credit of McCarthy in the bank, who immediately, as a part of the agreed transaction, paid the president of the bank from the deposit, the sum of $2,000, of which $800 was to be the interest on the loan and $1,200 commission to the president of the bank for putting over the loan, a total consideration of 25 per cent, paid by McCarthy for the use of the money.

Now, McCarthy was wise in his day and canny in his generation, so he paid the note in full, and then demanded the modest sum of $4,000, double the amount of the usury paid, according to the law in force in that state.

One of the allegations, which was not denied under oath, was that after making this demand, McCarthy was inveigled into the private room of the bank, which had by that time changed its name to the national bank, was locked in the room, forced by threats of being killed to sign an instrument renouncing all claim for usury, and was violently assaulted by one A. E. Lewis, who honored the bank by acting as its president, and being the same president who had pocketed the $1,200 commission.

Then McCarthy brought an action against the national bank to recover $4,000 usury. On the trial it was shown by uncontradicted evidence that the state bank had reincorporated as the national bank; the latter bank being organized by the officers and stockholders of the former, taking over its assets, continuing in business, and being conducted by the same officers.

The bank sought to avoid liability under two theories and set up two defenses.

The one was that the $2,000 consideration received for the loan of $6,000 for a year was not interest; the contention being that only $800 was interest, and the remaining $1,200 a commission charged by the president in his individual capacity, and retained by him as a commission for making the loan.

The other theory and defense was that the national bank, as distinguished from the state bank, was not liable by reason of the change of incorporation and name.

The Court decided against the bank on both points. On the first the Court held that the bank was liable for the acts of the president for the following reasons:

"The incontroverted testimony shows that the president had and exercised the right of making loans for the bank; he was clearly a general agent for that purpose. The funds of the bank were in his possession to be loaned. His official position was such that his knowledge would be the knowledge of the corporation. The authorities amply sustain the position that compensation received for a loan under such conditions cannot be called a commission, and the pains of usury thus avoided."

The Court also held that the mere change in the status of the bank from state to national did not effect its liability under the circumstances.—*The Office Economist.*

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counsellor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members on the following basis: Fifty per cent of any amount collected and no fee if there are no results. In other words, his charges are on a purely contingent fee basis. As New York Laws prohibit an attorney from advancing disbursements in consideration of getting business, and since the Appellate Division has recently intimated in a decision that these rules with reference to attorneys will be drastically enforced, it will be necessary for the client to advance the disbursements, which in the case of industrial loans never exceed $5 and most often are less.

FLORIDA COLLECTIONS

Every day the National Secretary receives letters from members in regard to "skips" gone to Florida. To date only one office has qualified under the new Florida Small Loan Law and that is the Personal Finance Co., 325 W. Forsyth St., Jacksonville. It is expected that a number of other offices will be opened in this state as soon as conditions become more stabalized. Meanwhile and in the absence of a better agency, the National Secretary will refer all members with skip accounts in Florida to attorneys whose names are taken from a directory of reliable attorneys.

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Biltmore Hotel, Providence, R. I., at 7:30 p. m., Thursday, October 15, 1925.

Present were Messrs. W. G. Wood, G. W. Delaney, F. G. Smith, of the Citizens Finance Service, Providence; Mr. James Dwight, Providence; Mr. H. Neal, of the Chester Neal Company, Providence; Mr. J. G. Findlay, of the Household Finance Corporation, Providence; Mr. F. H. Lovegrove, of the Mutual Finance System, Providence; Mr. E. La Gueux, of the Personal Finance Company, Providence; Mr. G. E. Rich, of the Mutual Loan Association, Pawtucket; Mr. G. F. Lewis, of the Mutual Service Association, Newport, and Mr. E. R. Klein, of the Beneficial Operating Bureau, New York.

Chairman Rich, who presided, talked on recently held 1925 Annual Convention of the American Industrial Lenders Association at Providence and expressed the thanks of the members to all who assisted them in preparing and carrying out plans to make it a success, particularly to Mr. A. L. Wick for his advice and supervision; Mr. Street, of the Providence Chamber of Commerce, for his coöperation; to the ladies who so graciously did their part, and to all who assisted in any capacity.

Treasurer Kennon being absent through illness, it was moved and seconded that his report be held over until next meeting.

Secretary La Gueux reported 15 members and 14 in good standing. There are 43 licensed lenders in Rhode Island as of September 11, 1925. Report was approved after a motion was made by Mr. Wood and seconded by Mr. Dwight.

Question of filing instead of recording Chattel Mortgages was discussed. Mr. Wood stated in order to make this change we would have to go before the State Assembly for an amendment of the present Small Loan Law, and he was of the opinion it would not be opportune at this time. Mr. Lovegrove moved that the matter should be dropped. Mr. Wood stated that as a letter from Col. Clarence Hodson on this subject sent to Chairman Rich had been mislaid and before deciding on this matter it would be better to wait until next meeting when letter would be on hand. Mr. Wood's motion to have secretary reply to Col. Hodson and upon being seconded by Mr. Lewis, was carried.

Secretary read a letter from Mr. L. E. Pope as to the advisibility of members using uniform papers. Members stated they were using papers prepared by our Association Attorney and secretary was informed that he could have same for comparison.

Secretary read a letter from Mr. H. F. Woods. He wished to express his thanks for the coöperation given him in laying ground work for publicity of the 1925 American Industrial Lenders Convention. Secretary was instructed to acknowledge receipt of this letter.

Rhode Island having had the largest percentage of members at the Convention, it was awarded a beautiful cup as a trophy by the American Industrial Lenders Association. Motion made by Mr. Rich and seconded by Mr. Dwight that all members be given an opportunity to display same in their offices if they so desired. Carried.

On motion of Mr. Wood, seconded by Mr. Klein, the application of the American Loan Company, of Pawtucket, was approved and duly elected. Carried.

Motion made and seconded that Chairman appoint a committee to call on members who do not attend meetings.

Chairman Rich appointed Mr. Dwight.

Secretary was instructed to write Association Attorney for an opinion as to whether a contract made on a Bank Holiday is enforceable.

Seven firms in Providence have formed a Credit Exchange Bureau, which is to be known as the Industrial Lenders Exchange Bureau of Providence. Firms forming this bureau are: Household Finance Corp., Mutual Finance System, Citizens Finance Service, New England Equity Corp., American Loan Co., Personal Finance Co., and Providence Guaranty Company. All other members who wish to join are welcome.

E. LA GUEUX, *Secretary.*

DATES FOR NEXT NATIONAL CONVENTION SETTLED

At a recent meeting of the National Executive Committee held in New York, at which a number of important matters were discussed, including legislation for 1926 and 1927, publicity and membership, September 15, 16, 17, 1926 were fixed as the dates for the twelfth annual national convention at Cleveland, Ohio, at the Cleveland Hotel.

The present plan provides for a program about half the length of the usual size because unless a change in the meantime takes place, the National Federation of Remedial Loan Association will hold its annual convention at the same time and place and the programs of each organization will be so arranged that anyone attending either convention will be permitted and have time to be present at the meetings of both organizations.

The Ohio Loan Association which will have charge of all the local arrangements will soon announce its committees and plans.

SMALL LOANS ARE SPECIALTY

CAPITOL COMPANY PROVES WORTH IN TIME OF NEED

There are times when a small loan of money at a low rate of interest would save the situation for a man. At times like that the Capitol Loan Company proves its coöperative spirit in the adjustment of its policy to the needs of the client.

The only company loaning money on automobiles under this arrangement, this concern has made a specialty of this form of loan. Other loans from $25 to $300 may be made on personal property or cattle at a low rate.

Payments may be made in almost any manner suitable to the client—all the way from six months to two years and are payable monthly, bimonthly, or according to the pleasure of client. There probably is no other company in the city with less stringent qualifications in its policy. The service comes as a life saver, providing the least possible worry to persons in temporary need of small sums.—*Sample of Reader Ad. in Indianapolis Times, Nov. 13, 1925.*

FLORIDA COLLECTIONS

Every day the National Secretary receives letters from members in regard to "skips" gone to Florida. To date only one office has qualified under the new Florida Small Loan Law and that is the Personal Finance Co., 325 W. Forsyth St., Jacksonville. It is expected that a number of other offices will be opened in this state as soon as conditions become more stabilized, meanwhile, and in the absence of a better agency, the National Secretary will refer all members with skip accounts in Florida to attorneys whose names are taken from a directory of reliable attorneys.

LOAN STIGMA OUT OF DATE IN BUSINESS

BORROWING MONEY FROM RELIABLE FIRMS PART OF MODERN FINANCE

The old stigma connected with the borrowing of money is as out of date as false hair and petticoats. To-day loan companies have placed the process of loaning money on a strictly business basis which is the mainstay of many going concerns.

The Capital Loan Association became established in 1904 as a necessary part of the business world of Indianapolis. Since that time they have along with the other reliable loan associations of the city done away with the common feeling of embarrassement about borrowing money, both for personal and business emergencies. Their experience has shown them that the average person is not prepared for the large expenditure of money that they are frequently faced with the necessity of meeting. They have in these events financed these persons or concerns to carry on their affairs and in many cases to make money.

This company makes loans for the financing of all kinds of undertakings accepted universally by hundreds of persons and businesses, says L. L. Bishop, manager.—*Sample of Reader Ad. in Indianapolis Times, Nov. 9, 1925.*

1924 YEAR BOOK ADDITIONS

American Loan Co., 144 Westminster St., Providence, R. I.

American Loan Co., 201 Park Ave., Baltimore, Md.

American Loan Co., 725 Hamilton St., Allentown, Pa.

Providence Guaranty Co., 187 Westminster St., Providence, R. I.

B. Swirsky, 603 Pickering Bldg., Manchester, N. H.

American Loan Co., 154 Main St., Woonsocket, R. I.

The new 1925 Year Book will be in the mails this month with an up to date directory of the members of the A. I. L. A. All members of the A. I. L. A., N. F. of R. L. A., public libraries, public welfare organizations will receive complimentary copies. Others who desire the book may obtain it by sending a dollar to Geo. W. Kehr, National Secretary, Box 778, Harrisburg, Pa.

NEW YORK CITY COLLECTIONS

Members having accounts in New York City may like to try the services of Henry Salant, Attorney and Counsellor-at-Law, Potter Building, 38 Park Row, New York City. He has rendered satisfactory service to some of our members on the following basis: 50% of any amount collected and no fee if there are no results. In other words, his charges are on a purely contingent fee basis. As New York Laws prohibit an attorney from advancing disbursements in consideration of getting business, and since the Appellate Division has recently intimated in a decision that these rules with reference to attorneys will be drastically enforced, it will be necessary for the client to advance the disbursements, which in the case of industrial loans never exceed $5.00 and most often are less.

WELCOME TENNESEE

By unannimous vote of the National Executive Committee, the newly organized Tennessee Industrial Lenders Association was accepted as an affiliated member of the A. I. L. A., by a recent mail ballot. The new association was organized in Chattanooga, Tennessee, November 4, 1925, with ten members, four of which have already become members of the A. I. L. A. Much good is expected of this new baby member, the seventeenth state to line up with the A. I. L. A. Several other states should come in before the end of our fiscal year, September, 1926.

A PRACTICAL SCHOOL IN MODERN LOAN OFFICE OPERATION

A Message to Loan Men:

Do you know that the number of Loan Offices in the United States has doubled in the last six years, and trebled in the preceding six?

Do you realize the advantage of augmenting your natural aptitude and the wisdom you are acquiring by personal experience by practical, weekly instruction that covers every phase and detail of loan office operation?

Wouldn't you like to be able to study the methods of men who are nationally known for their ability to lend money to strangers and *get the money back?*

We now are enjoying contact with hundreds of loan men who are on the firing line. They say that our lessons are easily understandable, and helpful.

So many remained that we had to move to larger quarters.

The loan business is being dignified, strengthened, and is constantly growing. Competition is keen, and the opportunities are great for men who have the foresight, ambition, and the will to win.

Our Way shortens the road to Success.

We have a flat rate of $4.50 per month for student fees for our yearly course of ten months, and consists of 43 lessons issued, one each Monday.

Fill out the coupon below, attach your check, and your first lesson will reach you by return mail.

INDUSTRIAL LENDERS TECHNICAL INSTITUTE

170 Broadway, New York City

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name ....

Position ....

Employed by ....

Street and Number ....

City and State ....

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 7. JANUARY, 1926. Price, $1.00 a year.

MEETING SCHEDULE

GEORGIA—Atlanta, January 12, 1926, 7:30 P. M. Capital City Club.

MASSACHUSETTS—Boston, Mass., January 14, 1926, 1 P. M. Young's Hotel.

TENNESSEE—Memphis, January 15, 1926, Claridge Hotel.

NEW JERSEY—Trenton, N. J., January 21, 1926.

VIRGINIA—Richmond, January 22, 1926.

OHIO—Columbus, January 27, 1926.

MICHIGAN—Saginaw, April 15, 1926.

Mr. State Secretary is the date and place of the next meeting of your state association included in the above list? If not, why not? None of the features of the news can be a success unless the editor receives the prompt coöperation of the state association secretaries and others who are responsible for the publicity work of each state association. On or before the first day of each month any copy intended for publication in the current number of the News should be in the editor's hands.

That means any copy that is to appear in the February News should be in Harrisburg on or before February 1 and so forth. We understand interesting programs are being arranged for the January state association meetings and all members who attend will be well repaid for the time and expense. Accounts of these meetings will appear in our February issue.

In addition to a big annual meeting of the Virginia Association in Richmond January 22, we understand there will be a conference of the state association chairmen east of Ohio.

TO THE INDUSTRIAL LENDERS OF VIRGINIA

> "How little we pay our way
> in life! Although we have our
> purses continually in our hands.
> The better part of service goes
> still unrewarded."

The celebration of the eighth anniversary of the Virginia Industrial Lenders Association will be held at the Hotel Jefferson, Richmond, Virginia, Friday, January 22, 1926. The business session will begin at ten o'clock, sharp, in the forenoon; adjournment for luncheon at one o'clock p. m. Luncheon will be served and speakers will be heard. The meeting will reconvene and continue until five o'clock, when business adjournment will be taken. The annual dinner, dance and entertainment will begin at six thirty. It will be informal.

Members of other associations are cordially invited to attend. It is to be hoped that we will have with us some of the National officers, Chairmen from other organizations, and Mr. Henderson, representing the Russell Sage Foundation, and many prominent top-knotchers in the Industrial Loan field.

The committee on arrangements have arranged a suitable program for pleasure for the ladies as well as the members, and therefore the ladies must not be left at home.

Richmond, and Virginia, as you know, are the landmarks of the beginning of our nation. Virginia was one of the first to begin to enact Uniform laws in the South. We want our fellow members from the North, East, West and South to join us in the festivities of the evening. Those in charge of the arrangements for the convention have two main objects in view. First, to bring to the attention of every member and his associates a realization of the fact that he should do his part, be it large or small, not only to perpetuate his individual business in his community, but to perpetuate his state and the National association as well. It should, therefore, not be necessary for the committee to plead with any lender to attend this convention. The mere announcement of the date of an event so important in the history of the Industrial Loan business should be sufficient to induce every lender throughout the state to decide NOW to attend and to do his part toward its success by sending or bringing as many of his business or working associates as possible. And also by sending to the committee ideas and suggestions for the program which is now in process of formation.

THE LIBRARY OF THE 1926 UNIVERSITY OF ILLINOIS

Topics to be discussed should be helpful to you, and the goodwill that will accrue to you in your business from the fact of your being able to meet and hear the greatest experts of the Industrial Loan business throughout the United States or the world should readily make you see that it will be worth while, and worth the time and the expense of the trip to Richmond. You cannot afford to miss this opportunity to join in the discussion of many helpful topics vital to the continued prosperity and future growth of your own business and that of your State and National association.

No committee can make a convention a marked success without individual effort and coöperation of every member in the organization. Each member must do his part, and to do this, he should not only attend but should show his interest by taking active part in everything that is done.

The second object in view, is that of entertainment and the promotion of good fellowship. There will not only be something at the business session to interest and instruct you but there will be entertainment sufficient to please the most exciting. The annual banquet is always the crowning feature of any annual convention.

The Hotel Jefferson is one of the most homey and comfortable hotels in the United States. Those out of town desiring accommodations may write to the Chairman at the Hotel Jefferson, Richmond, Virginia, stating how many ladies and how many gentlemen, single or married, they will have in their party that may desire hotel reservations, and about what price, and with or without baths, etc. These must be in not later than the fifteenth of January.

A committee of ladies has been appointed to look after the lady guests who may be assured that they will be given a good time.

Yours for coöperation,
Virginia Industrial Lenders Association,
Edgar P. East, *Chairman.*

PROPOSED ASSOCIATION OF STATE CHAIRMEN

One of the principal subjects of discussion to be brought up at the business session of the annual meeting of the Virginia Industrial Lenders Association to be held at the Hotel Jefferson, Richmond, Virginia, on January 22, 1926, will be the proposed formation of an association composed of the chairmen of the various State associations. The suggestion has been made and seems to be favorably received in all quarters.

The benefits to be derived from such an organization are obvious. Closer coöperation, making interesting and valuable acquaintances, the exchange of valuable ideas all must inevitably result from such a plan. Further, the association so formed will act as a connecting link between the National Association and the several State Associations and both the State and National organizations will be helped thereby.

It is suggested that at this meeting steps be taken to form an association including in its membership the chairmen of the States to the east of Ohio. Later, other groups may organize; and finally, these groups will join in forming the general association of State Chairmen.

It is hoped that the various State Chairmen will send in any suggestions

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 807 Grace-American Bldg., Richmond, Va.

Treasurer, C. H. Watts, 135 Broadway, New York City.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—F. H. Lovegrove, 100 Bank St., Bridgeport.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.

Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—D. J. Cote, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson.

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—W. Young, 220 S. 16th St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—O. H. May, 201 Day Bldg., Knoxville.

Va.—E. P. East, 807 Grace-American Bldg., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

occurring to them in this regard, mailing same to the National Secretary.

Meetings planned, January 22, 1926, Richmond, for states east of Ohio.

Second meeting for Ohio and the west at Chicago, May or June, 1926.

Third and last meeting for the year at Cleveland at time of National Convention.

THE 'OUTSIDE' ASSISTANT MANAGER

Read by E. F. Moore at the Virginia Industrial Lenders Association Meeting

October 23, 1925 at Norfolk, Va.

It is now becoming generally recognized that the key man of the small loan business is the outside investigator. He is the foundation upon which the business is built and upon his good faith and judgment depend both the profits and security of the capital invested.

It is, therefore, profitable to consider the practical aspects of this subject. There is, at least, one such position in every loan office. Before the person can be put to work, he must first be found and employed. This raises the question as to how the proper representative of the lender shall undertake to reach likely material for employment. At once, therefore, it is necessary to have made a decision as to the type of person wanted, where such personnel can most likely be found available and the ways and means of establishing contact and making them aware of the chances of employment and opportunities for promotion.

The nature of the work practically requires that this position be filled by a man rather than a woman. As the position is the starting point of opportunity for learning the industrial loan business, lenders generally have sought only young men between 22 and 35 years of age. As the applicant must be able to read and write to fill in credit investigation reports and be a person of keen observation and sound judgment, it is a requisite to have, at least, a fair common school education and better, if he is a high-school graduate. As the men occupying the position of credit investigator work for the most part outside of the loan office, good vigorous health is essential, as well as good walking feet.

As the outside man actually goes into the homes of borrowing applicants, usually when the man of the house is away at work, it is essential that the loan company's representative be a man of good manners, good address, and scrupulously good conduct.

Charles H. Watts, of New York, makes the good point that as the business of the lender is built up by applications for loans and the outside man does the investigating and visits the home of the applicant, the public have no other means of judging the character and methods of the lender except by the conduct of its representative who enters their homes. As good-will is a valuable asset of every well-conducted business, it is obvious that in the personality of the outside man, rests the ability to determine if there is to be any good-will element for his employment. This all makes the personality, character, habits, conduct and manners of the outside man extremely valuable and important matters in the employer's business. Any person falling below the high standard in this respect should not be employed. Obviously, a person whose report of credit investigation is to form the basis for the judgment of the loan manager of the office and enable him to decide whether he is to grant the loan, refuse the amount, or reject the application altogether, requires the maker of such report not only to be intelligent and competent as to his valuations, approvals and opinions, but to be the soul of honor, loyalty and integrity as to good faith and honesty.

We are, therefore, assuming in what is to be said upon this subject that every employee shall be loyal, honest, well-behaved, courteous, and exercise skilled judgment which will constantly improve through practice, experience and long service.

Where there is more than one applicant, it has been customary for the employer to select the one who appears to have the better education, better personality, better address and better clothes. This is all right as far as it goes, but frequently, there has not been available any applicant up to a proper standard for selection and employment. Very obviously, therefore, the first thing to consider in this regard is the standard as to qualities and attainment which an applicant must have in order to be entitled to favorable consideration. The next point is to consider how to attract a fair number of applicants for the position available, each having the ideal qualities. The possession of these qualities is the business of the applicant and whatever employer might wish, he cannot endow him other than he is. It is the business of the employer to have clearly defined standards of attainment and qualities which the applicant must possess before he is entitled to favorable consideration for employment. Unfortunately, in the actual contact, employers have heretofore very generally failed to visualize or outline the requisite standards as to personnel and have, therefore, failed in an unnecessarily large proportion of cases to reach the ideal type for employment. The numerous instances where outside men have fallen down on their job, have proved incompetent, dishonest, lazy, unreliable, etc., are, therefore, to be attributed primarily to the lack of proper ability of the employer to carry on one of the important duties of his position. The failure of the employee to qualify would have been anticipated in most cases by qualified employers. Therefore, in the selection of qualified employees, we must first proceed to secure qualified employers. There is a dearth of such officials.

Assuming that the employer is qualified to select and employ, and recognize the proper standards as to qualities and attainment which an applicant must possess before given a position, the next vital thing is to decide where and how such material may be located and attracted to apply for the vacant position.

It has very generally been the practice and is justified by experience and practical results, that personnel be recruited in the city or vicinity of the loan office in which the position is vacant. This gives the new employee the advantage of knowing the streets and community, and also the people generally. It also gives him the advantage out of business hours of associating with his friends and family whereas, if he were to move to a strange city in a business that was new to him, he would likely become hopelessly discouraged before becoming fairly proficient. Another advantage is that such persons have heretofore had a relatively small earning power and it will not be necessary to pay them for beginner's quality of work, the price of an experienced and competent man. Again, if a man proves to be unadaptable to our work, he may be released with the smallest possible amount of resulting damage in demoralization to himself.

The employer then having in mind the duties of the position, the type of employee desired and the plan to recruit in the neighborhood of the loan office where the vacant position exists, the next step to decide is the means of locating and attracting desirable personnel to apply for the position.

Experience has shown usually that it is desirable to have present employees look among their own friends and acquaintances for a likely candidate, tell him of his opportunities for permanent, pleasant and profitable employment and possibilities of promotion in associating with the lender, etc. Of course, this could and should only be stated in accordance with the facts. It is, therefore, clearly to the advantage of every lender that all employees should know of instances for promotion for long and meritorious service among the employees. If the manager and employees of the loan office where the vacancy exists are not able to attract likely candidates, it is usually the custom to resort to a classified ad in a local newspaper—usually an afternoon edition. Some employees, however, are accustomed to inquire of other loan managers in the city to know if they have anyone to recommend and in certain cases, if a seemingly capable man has been let out, there has been a tendency to employ such a man and realize upon the advantages of what experience he has had in the loan business. A number of capable employers are opposed to both latter methods and desire to secure personnel having no moral obligations to competitors or their employees. They also prefer to get a man without previous experience in the loan business so that while learning the method of the employer, he will not have to unlearn the methods of some competitor.

It is not altogether unusual to observe classified ads seeking to attract applicants for the position of outside man in an office. Such ads may be commented upon like other ads, that is, that the person who writes them has in mind the entire situation, just what he wants, but fails to visualize the state of mind of the uninformed reader who is open for a new position, whether employed or not. The ads should be written to inform and attract likely applicants and therefore, worded in regard to the psychology of the reader and not of the writer of the ad. This fundamental rule is violated much too frequently. It is false economy to make an ad so short that it fails to define the duties and opportunities of the position. To secure a good man is worth the few extra lines and more.

Assuming that the advertisement attracts a number of likely prospects, the next essential thing is the interview between the employer and the applicants. This interview is important. Such interviews have decided in many instances, and will decide in the future, as to whether capable men are to be identified with the Company or whether they are to secure persons of only mediocre or small ability. Some of these interviews represent an accurate example of everything that should be avoided. In the first place, the applicant is ill at ease. In the next place, he wants to make a good impression and wants to find out about the opportunities of the position available, especially the hours of work, nature of work, permanency without lay-offs, increase in salary as quality of service improves, opportunity for promotion to higher position, etc. It is a fair statement that in the majority of such interviews, these obvious conditions are not complied with. As the employer controls the interview and has the right to direct it, a failure of this sort is attributable to his lack of ability in this important respect. Undue discussion of personal experiences of outside subjects and interruptions, either for telephoning delinquents or other office matters, should be avoided especially where they introduce troublesome aspects. It should be remembered that one of the chief requisites in the mind of any person seeking employment is to find work that is congenial and pleasant and associates with whom his relations will be agreeable and happy. Nothing unpleasant should, therefore, be permitted to develop during such interviews and fellow-employees should be advised of the plan and warned to see that any untoward influence is avoided.

A series of memos should be taken and relative markings made as to various qualities and attainments of each applicant so that they may be compared. It is a mistake to employ at once the first capable man who comes in, and as others arrive, tell them that the position is filled and you do not need to see them. Remember that you may need to advertise again some time and the fact that you or your representatives refused to interview an applicant previously would make him unwilling to call again and he is likely to influence others. It might readily be suggested as to the qualities and attainments which should be set up in the standards for relative marking. These I might readily suggest, but as such matters are not generally standardized and depend very much upon individual judgment and as even the terminology is not standard, but should be left for each person to select the word describing such qualities or attainment, it would seem to be unprofitable at this time to set up the various phases of moral and physical qualities, education, experience, etc. However, it is essential that every employer do this and attempt to make observation and inquiry of each applicant touching these various aspects on a sheet of paper with the applicant's name on top. These various items can be set up and marked on a basis of 1 to 10 just as your school teacher did when you were young. Then after all the applications are in, their examination marks should be gone over and marked up in order of relative preference as, 'a,' 'b,' 'c,' 'd,' etc. Then the persons marked 'a' and 'b' should be phoned to call promptly and a review made of each, after which a decision is to be reached and the most desirable person employed. It is worthwhile to take time and be careful and competent in method upon employment business.

In this connection it should be stated that no man should be employed unless it is believed that he possesses the character and latent ability for development into possibly the highest operating position in the employer's organization. Moreover, it should not be overlooked that education, mental alertness, etc., are no substitutes for good morals and good habits. Do not employ unless or until affirmatively assured that the party is all right in these respects.

Having employed the right person, keep in mind that your serious work is not finished but only begun. No time is lost and no more profitable investment of energy can be made than to explain to him helpful and instructive details of the business so as to train and develop his judgment by your precept while he is gaining experience in carrying on the duties of his position. If the business is not conducted fairly and helpfully, the employer will lack respect and loyalty. If the employee fails to see evidence that his employer is genuinely concerned about his welfare and progress, it is not human nature that he will be especially concerned about the welfare or progress of his employer's business.

A good man will succeed and forge ahead if well-trained, guided and backed by his superior officer, the manager of the loan office. If the manager lacks the executive qualities he should possess, then there are grave chances that the assistant manager will fail to attain success, whereas, otherwise he would have done so. The higher-up employers must, therefore, recognize that every loan office manager is the teacher and keeper of the members of his service staff and that their failure is his failure and their success is his success. He is responsible for seeing that none shall fall by the wayside who can be retained in advance and if they fall, it is, in most cases, because the employer lacks qualities that he should possess. It is, therefore, the duty of the employer higher-up to advise and consult with the loan manager, point out his duties and opportunities and show correct methods for training and developing his service staff. When an employee is to be added to the service staff it is well that not only the loan manager, but the supervisor should personally participate in his selection and employment. The experience will be valuable and constructive to the loan manager and it will give the supervisor the advantage of having the loan manager committed by approval and will further obligate him to help in every way he can in training the employee to qualify for his position. It is a fair statement that the matter of employment has not heretofore received the amount of attention that the importance of the subject deserves.

ADDRESSES WANTED

The Master Loan Service, 206 W. Fayette St., Baltimore, Md. will be pleased to know the whereabouts of Fred and Jessie Pelham, who formerly lived at 1127 N. Calvert St., Baltimore, Md.

Prior to their residence in Baltimore they lived in Harrisburg, Pa., for a few years and from which they left owing some unpaid accounts.

They are reported to have come

originally from Connecticut where some of their relatives presumably still live. Any information in regard to these people will be appreciated if sent to the Master Loan Service, as above, or to the National Secretary.

We would like assistance, especially from Illinois offices, in locating a skip by the name of Herman Carlson. He is middle-aged, tall and well built. He is slightly deaf.

The only work he has ever done is buying, selling and repairing pianos and he will no doubt, be in similar work now.

PROVIDENT LOAN ASS'N.,
203-204 Leeds Bldg., Michigan City, Ind.

OHIO

On December 1st the Retail Merchants of Columbus, Ohio held a meeting at the Chittenden Hotel into which were invited the different classes of business represented in Columbus. Among those present were credit men from the department stores, lumber companies, building material supply men, coal men, furniture dealers, plumbers, and even furnace men, and last but not least the members of the Columbus Industrial Lenders Association. The first time in the history of my 20 years experience in the chattel loan business that the retail merchants ever offered an opportunity for the loan men to meet with them.

I feel that our little organization in Columbus, that of the Columbus Industrial Lenders Association which at this time has a membership of ten with a possible seventeen has made much progress and have taken quite a number of the wrinkles out of the space that has existed between the loan men and the Retail Merchants in the years past.

Unfortunately Mr. Smith of The City Finance Co. and myself were the only ones present representing the loan companies. It was surprising to me to know how eager the merchants of the city were to know more about our business and how little they knew of the help we are to them.

Our monthly sheet "The Equity System" contains a summary of what I tried to put over to them. If you think it will be any help and care to use it or any part of it, you are welcome to do so. There is no way to tell you of the different attitude between the loan companies and the furniture stores today in comparison to even a year ago.

In the smaller towns no doubt the managers of the loan companies get to know personally the men who sell furniture or extend credit, while in a larger town where credit men are sometimes changed every six or eight months, it is almost impossible for a loan man to get very well acquainted with them, because there are so many of them. But since that December meeting the merchants are calling up us loan men, giving us the names of some of their customers who are in arrears and whom we can help, and we hope as time goes by that we will be able to even get more closely to them than we are at this time.

I see by the Industrial Lender News that other sections of the country seem to be profiting by getting closer together with the credit extending institutions.

B. L. THUMA, *Manager,*
The Capital Loan Co.

BUDGET PLAN BUYING

FROM THE CLEVELAND TRUST COMPANY
BUSINESS BULLETIN
November, 1923

Retail purchasing on the installment plan has recently become far more general than it used to be. It has existed for many years, but until the advent of the automobile it was largely confined to clothing, household furniture, and jewelry. In those earlier years installment buying made its greatest appeals to a rather improvident class of purchasers, and because the risks were great, the prices charged were high, and the rates of interest were large.

As soon as automobiles began to be purchased in large numbers by people of moderate means, installment buying became more common, more respectable and better organized. The purchase of an automobile required an expenditure representing a considerable proportion of the annual income of the average family, and it was entirely reasonable that well-organized methods should be developed for making possible these purchases by means of partial payments financed at moderate rates of interest.

During the five years following the termination of the war the financing of automobile purchases developed at a rapid rate all over the country, and attained such magnitude that it became an important business by itself. Then early in 1924 the influence of the great gold imports, which had been under way for three years, began to become evident in form of reduced interest rates, and immediately there came into existence large numbers of new financing companies engaged in extending credit to retail purchasers of many sorts of commodities.

The profits of the finance companies extending the credits for such purchases have been large, and their losses small. As a result many new companies have been organized to employ similar methods for financing other sorts of retail buying. They are now vigorously competing for business in the retail selling of clothing, furniture, jewelry, radio sets, refrigerators, vacuum cleaners, sewing machines, and even domestic coal, house paint, and table linen.

There are at least three important elements of weakness in this phase of the present business situation. The first is the obvious danger that exists when millions of people of slight financial means have mortgaged their future incomes for present satisfactions. The second element of danger lies in the personalities of the organizers and executives of many of the new finance companies. The business is one that calls for the cold, impartial credit judgment of the experienced commercial banker. The newer companies have largely been organized by men who are primarily salesmen and promoters. They have been notably successful while prosperity has been general, competition easy, and credit cheap. It is to be doubted if they can continue to be equally fortunate when these conditions change.

The third, and probably the most important problem connected with the present extended spread of partial payment plans as stimulants of retail selling, is that the operations of the finance companies are made possible by credits extended by banks on terms that will certainly have to be made more rigorous whenever interest rates advance to higher levels. The rise of finance companies came at a time when banks were anxiously seeking employment for surplus funds, and as a result the business has secured its financial accommodations more easily, at lower rates, and with slighter guarantees than those available to established concerns in trade, commerce, and industry. It is clear that such a condition can be only temporary, and it seems probable that the spread of installment selling will ultimately be checked, not because of the failure of the purchasers to meet their payments, but rather because of the refusal of banks to continue indefinitely their present policies of lending to the finance companies.

BACK NEWS WANTED

To complete its files for binding, the library of the Business School, Harvard University, Widener Building, Cambridge, Mass. Charles C. Eaton librarian would like to have a copy of the Industrial Lenders News for August 1924. If anyone can supply this copy, please send it direct to Mr. Eaton as above addressed.

DOES THE SMALL LOAN BUSINESS HELP MERCHANTS?

It is perhaps a common fault with all of us that we are so engrossed in our own particular business to such an extent that we do not understand nor appreciate the fact that the other fellow's business helps us directly or indirectly. It is easier for us to realize that our business helps the other fellow. But we all must agree that any enterprise to endure and progress, must fit into the scheme of things and be helpful.

At a recent meeting of the Retail Credit Men, who represented various lines of merchandizing in Columbus, Ohio, B. L. Thuma, who has been Manager of the Columbus office of The Capitol Loan Company for twenty years, explained how the loan business benefited other commercial and professional lines, and why closer coöperation was desirable. We quote his remarks relative to this subject and the statements made there.

"I agree with the statement of the Secretary of your National Association that 99% of the people are honest. This being so, it is evident that when people borrow money from us it is because they have actual need of it. My experience of many years in the loan business is that they have certain definite and specific uses for money, for, as a matter of fact, the applicant usually tells us exactly why he desires a loan.

"All of us who are engaged in handling credit in any form, know of the many, many different circumstances and reasons why our customers need help in one way or another to tide them over the rough spots.

"I think perhaps we who are engaged in the loan business see more of the perplexing things that come up in many households than others, because when in need of money—cash—there can be so many worthy uses for it.

"A reason frequently given is to pay past due accounts. When bad luck, such as sickness, losses, changes, etc., comes, bills have a way of piling up. We all know these things from our personal experiences. To pay scattered bills and maintain good credit is a proper and sensible thing to do. So to arrange a loan for these purposes (the payments of which are made in one place and on terms which may be met without hardship or deprivation) is also a sensible thing to do. We make a large number of this class of loans.

"Borrowing to pay bills is, of course, but one of many reasons given, and time will not permit me to discuss in detail all the benefits that chattel loan companies give to every line of merchandising (for I feel that none are excepted). Besides making loans to be used for paying off balances on pianos, furniture, automobiles, to settle grocery bills, to pay hospital bills, etc., we have furnished the money for the purchase of a burial lot and to pay undertaker's bill where no insurance was carried.

"Our funds are also used for profitable purposes by our customers. We have had accounts where the money was used as the down payment on a modest home, thus affording a start toward home-ownership. One instance I have in mind, was a $200 loan for down payment on land contract, that resulted in the family acquiring three pieces of property in this city. Many people have come to realize that they can borrow our money and save money by purchasing clothing, furniture and supplies of merchandise of various kinds for cash. Also, when paying cash they may buy where and what they want, which may not be done if credit is needed.

"While the reasons for people to make loans and the uses to which the money is put, have been given you in general terms, I hope I have demonstrated the point that practically all of the money we lend goes into regular business channels and into the cash drawers of the merchants and business men. This might be more impressive, if expressed in terms of dollars per year. I estimate that the loan companies in the city of Columbus, lend about $1,500,000 per year, which goes for the purposes named, that is, is spent in Columbus and with Columbus merchants.

"So then since you men give credit to the same people to whom we give credit, it must follow that a better understanding between the merchants and loan men is desirable."

We will conclude this subject with the statement that different men present at this Credit Men's meeting frankly said that they had neither understood, nor appreciated the service of small loan operations, but now had a different viewpoint regarding our business. In issuing this monthly bulletin it is our desire to show you as best we may the merits of small loan service, its extent and the possibilities for greater expansion.

L. K. Osborne, President of The Capitol Loan Company, spent the week of November 16th attending a meeting of the Executive Committee of the American Industrial Lenders Association in New York City. These members also met with heads of the remedial loan division of the Russell Sage Foundation and the National Federation of Remedial Loan Associations for discussion of plans and policies for the general good of "small loan" service.

The Sage Foundation, which is purely philanthropical, together with other social welfare organizations, have given aid in educational ways and have been active in securing the passage of legislation to govern the industrial loan business in various states. Long ago they recognized the necessity for small loan service and have given practical help and influence in securing proper safeguards and laws to govern it.

In an early issue we intend to write a more thorough description of the activities of the Russell Sage Foundation and its far-reaching influence for public good.

THE EQUITY SYSTEM.
November, 1925.

LOAN COMPANY GIVES CHANCE TO TIDE OVER CRISES

That familiar expression, "not broke but badly bent" when referring to the state of the pocketbook applies well to many persons who, through illness, loss of work or some emergency that makes the income small and the bills large, are short of the cash necessary to pay pressing bills. Such persons, however, may quickly have the bend in their finances straightened out by calling at the Capitol Loan Company, 141½ E. Washington St., and arranging to borrow money up to $300.

"Many persons do not understand the difference between industrial loans and the loans made by a bank," Lee L. Bishop, manager of the Capitol Loan Company said. "If they did, they would not hesitate to take advantage of industrial loans. Only 8 per cent of all our adult population have checking accounts, it is estimated, and of this number only 5 per cent can borrow at banks. This means that more than 90 per cent of the adult population does not possess collateral that a bank would accept as security for a loan, and these persons must borrow money elsewhere.

"This is the gap filled by the industrial lending company such as ours, for we make loans in amounts up to $300 on non-fluid security or unindorsed notes. The principal of this amount is payable in small monthly installments, and while the interest rate is somewhat higher than that charged by banks, each payment cuts down the amount of interest."—*Reader Ad Specimen in Indianapolis Times, July 21, 1925.*

MANAGER CITES LOAN FIRM AID TO SALARIED MEN

MEANS THEY CAN BORROW SAME AS ANY BUSINESS, SAYS LEE BISHOP

"There are people who think that if a man hasn't the money to pay cash for what he wants he ought to do without it," Lee L. Bishop, manager of the Capitol Loan Company, 141½ Washington St., said in explaining the service offered by industrial loan companies such as the Capitol.

"That is good advice as far as it goes, but there are places where it won't work. For instance, what is a man going to do if he is buying a home, paying for furniture or spending all he earns each week just supporting a family—as many do—if he loses his job, is taken sick or has to meet some unexpected obligation that calls for an outlay of more cash than he has been able to accumulate? A business firm, in times of emergency, borrows money from a bank, but the man who has nothing to give as security except his household goods cannot do this. There are just two ways for him to tide over such an emergency. The first is to go to friends or relatives and borrow money from them, but, in most cases, when he does this he incurs an obligation that is never entirely discharged, even when the debt is paid.

"The second method is to borrow money as any man borrows money to run his business, only where the business man can go to the bank, the man who needs funds for his personal use can go to the loan company. We take, as security, a mortgage on his household goods, just as a bank takes a man's note, and advance him the money to meet the emergency that has come up. He pays his bills, gets on his feet again and repays us in small monthly payments with interest of 3½ per cent a month figured on the unpaid balance of the debt. Such a method of payment does not work a hardship on the borrower and frequently saves him from making a real sacrifice in order to obtain the cash he needs."—*Reader Ad Specimen, Indianapolis Times, March 25, 1925.*

BUSINESS AIDED BY BORROWING

Loan Company Manager Points Out Need

"Our city, our Nation, in fact, the business of the world, is conducted on borrowed money," remarked L. L. Bishop, manager of the Capitol Loan Company, 141½ E. Washington St.

"There are very few firms," he continued, "that conduct their business without borrowing; very few—Henry Ford is a notable exception, and yet, how borrowed money did help Henry at one time!

"The loan business is therefore a necessary one, and, conducted as it is nowadays, under the direct supervision of the loan and industrial departments of the banks, it is no longer in ill repute. It is a business which rests very largely on character—the worthiness of the borrower. A man's past record of paying his bills, his attitude, his intentions, all count quite as much as his security, which may be a piano, auto or some article of household goods.

"Our borrowers come from every walk of life—they are not merely the so-called working man. We have professional men, farmers, proprietors of small businesses, as well as toilers in humble lines. Because of the coöperation that now exists among high-class loan companies, these persons all are treated absolutely fairly and with consideration," Bishop concluded.—*Specimen Reader Ad, Indianapolis Times, Dec. 28, 1925.*

DAVIES SELECTED HEAD OF KIWANIS

KIWANIANS PICK OFFICERS FOR 1926—DAVIES SUCCEEDS DR. BANNON

Fred Davies was elected president of the Kokomo Kiwanis Club yesterday noon, the meeting having been moved up this week from Thursday, the club's regular time for meeting.

Mr. Davies, together with the other officers chosen will be installed at the first meeting in January. All will serve one year.

Other officers elected were: Vice

president, Ernest Ellis; treasurer, Charles Shewmon; directors, Lincoln Coles, Fred Stradling and Ralph Hansell.

The choice of Mr. Davies to lead the local club's destinies for the next year was regarded by all the charter and older members as having been peculiarly fitting. A charter member for nearly six years, he has been identified with all the club's activities and is looked upon as one of the organization's wisest councillors.

Served as Secretary

During the year just drawing to a close Mr. Davies served the club as its secretary, an office involving a great amount of labor and sacrifice of hours that might be devoted to private affairs, and in doing so established a record for faithful performance of duty. In 1920, when M. L. Rosenbush was president, Mr. Davies served as vice-president and by virtue of this office on the board of directors. He also has served as chairman of the important membership committee and chairman of the program committee.

He is manager of the Kokomo branch of the Legal Loan Company.

Spirited Contest

For the first time since its organization in May, 1919, a nominating committee of the Kokomo Kiwanis club offered an opposition ticket from which the members might make a choice. The balloting yesterday was spirited and close and C. V. Hinshaw was defeated by Mr. Davies by a vote of 59 to 30.—*Kokomo Dispatch, Nov. 26, 1925.*

LOAN COMPANY SERVES NEEDS

Capitol Company Head Tells of Many Helps

The familiar saying that "a penny saved is a penny earned" might be added to with another, "a penny borrowed is a penny earned," according to Lee L. Bishop, manager of the Capitol Loan Company, 141½ E. Washington St. For in times when money is scarce, and the housewife seeks some way to increase the family income, she may come to this industrial loan company and borrow an amount sufficient to furnish a spare room in the house and rent it out at a profit.

The rent from the furnished room will more than pay back the loan in monthly payments arranged by the company, and the borrower will not only have the furniture, but will be provided with a source of income whenever she needs it.

Such borrowing is, Bishop says, not only a method of saving money but a method of earning it, and as such is worth the consideration of every thrifty housewife.—*Reader Ad. Specimen, Indianapolis Times, May 5, 1925.*

HENDERSON ON TOUR

During the months of January and February, Leon Henderson, associate director of the Division of Remedial Loans, Russell Sage Foundation, will visit the states of Virginia, West Virginia, Ohio, Kentucky, Indiana, Illinois, Missouri, Iowa and Minnesota. Mr. Henderson desires to get acquainted with the lenders and social agencies interested in improving small loan conditions everywhere. We know he will receive a hearty welcome from the lenders wherever he goes.

INDIANA

Indiana Industrial Lenders Association, Bulletin No. 6, December 31, 1925

NEW YEARS GREETINGS

New Members—American Security Company, 21 Third St., Peru, Ind.; Glenn A. Keplinger, 103½ N. Main St., Bluffton, Ind.

Are you doing your part to educate the non-members the advisability of becoming members of the I. I. L. A. If not, now is a good time to begin, make a new years resolution that every licensee in your city will become a member of the Association through your influence.

Publicity—The publicity committee has requested several copies of the address prepared to be given before luncheon clubs, if you have an opportunity to give an address before a luncheon club in your city, write Mr. Benj. Blumberg, 315 Star Bldg., Terre Haute, he will furnish you with the data.

Legal Survey and Uniform Paper Committee—This committee will hold its final meeting early in January to let the contract for printing the book and it will be ready for distribution very shortly, uniform papers will be printed in quanities by the printer and supply at cost.

Skips—Beck, W. L., and Eva P, from Indianapolis to Bedford, Ind.

If you have any skips, report the name and it will be published you may be able to locate some of them.

The executive committee has adopted the trade emblem so ably prepared by Mr. F. E. Circle at the May convention. The prices are

No. 1, small size, price each . 30 cts.
No. 2, second size, price each 35 cts.
No. 3, third size, price each.. 50 cts.
No. 4, large size, price each . 60 cts.

These prices are contingent upon an order being placed by the association for at least 50 of each size, therefore, if sufficient orders can be secured this will be the price, if only an order for 25 is placed the cost will be five cents additional for each size. These cuts can be used on envelopes, letter heads, circulars and in newspaper ads.

If you owe dues, a card will be enclosed, and your remittance will be greatly appreciated.

Let me repeat again that a line or two for the bulletin will be a welcome new years greeting, and

THAT'S THAT.

Ye Secretary.

THE LENDER

A new publication published by the Industrial Lenders Technical Institute of New York, called *The Lender*, has made its appearance.

The first number consists of four pages and is devoted to the interests of the Institute which aims to educate ambitious students in the intricacies of industrial lending.

We welcome the new publication and hope its future will be useful in the realization of the aims of its founders.

NEW MEMBERS

Commonwealth Loan Co., 837 Union Trust Bldg., Cleveland, Ohio.

Ever Ready Finance Co., 342 S. 16th St., Philadelphia, Pa.

Add these to your 1925 Year Book directory.

DAYTON, OHIO

A third year has begun.

Officers for the next twelve months of 1926 have been elected. Mr. Walter L. Wilson, local representative for the Capital Loan Company of Columbus, Ohio, as President, supplanting Mr. B. F. Wunsch of the Commonwealth Loan Company of Indianapolis, Indiana, retiring. The writer will succeed himself as Secretary and Treasurer.

Once again we are standing at the threshold of a new year. Having come through a most successful and prosperous one marked with steady progress.

The new officers feel they have real work ahead to qualify to the high standards set by previous administrations. However, all indications and present enthusiasm point out—"no stone will be left unturned in making 1926 the *GREATER YEAR* for the Industrial Banker.

For the benefit of those not fully conversant with our Association affairs we are setting out a few hi-lites of 1925.

1. 100% members in Dayton Industrial Lenders Association.
2. 100% members in Credit Bureau and Retail Credit Men's National Association.
3. Over 8,000 new loans made during 1925 with *SAFETY*.
4. Over 11,000 old customers reloaned without fear of doubling up.
5. *NO* double accounts reported.
6. Closer coöperation between members. Greater interest shown for the improvement of the Small Loan Business.
7. Unequalled service given to the borrower and merchant during 1925.
8. Harmony existant in the affairs of the Lender *more than anything else* has been conducive to the stability and elevation of the profession.
9. Intelligent GRANTING OF CREDIT is the underlying principle of every transaction.
10. The borrower is taught budgeting. Given a greater knowledge of household financing; more firmly implanted with the virtues of good character, "honesty, thrift and healthy progress."
11. Merchants enthusiastic about efforts of Lender to curtail credit abuses. though not ordinarily over gracious to a foreign pro-organization, now turning to the Industrial Lender for relief and counsel.
12. Competing for Business in Terms of Sale is the butt of each resort to encourage greater buying activity on the part of the unguided public. Regretfully the tend to exploit TERMS, Deferred or Divided Payments as a means of increasing volume is largely responsible for our near broken credit morale. We are reminded that a continued abuse of our merchandising energies will cause a complete break in our credit structure. A CREDIT CHARACTER that has taken years to build. The greater evil is in the kind of good pushed upon the consumer. In many cases the terms of obligations outlive the usefulness of the article sold many times over. Summing up we find a gradual elimination of the time honored reputations sacrificed to the insatiable desires of the grabby merchandisers. We pause for a moment to consider whom may be the true exponents of ideals of fair dealing. The answer comes home swiftly—perhaps the INDUSTRIAL BANKER.
13. Ethical regulation of those who engage in questionable practice and abuse

in the credit field must eventually come. The Industrial Lender is now reaping commensurate return from out of legalized conduct and a healthy desire to rise to the ultimate conception of achievement. It only remains a question of how long the consumer will tolerate the impositions of the mercantile armada before it too will be legalized and equitably administered. Not to throttle good coming from competition—but to bring to life a few sound economic principles—the vital of each being, FAIR DEALING.

These changes have not and will not come from idle effort.

No community, no matter how small, where Industrial Lenders are engaged can be without its field Association. Watching over the affairs of the borrower and over burdened debtor and serving in their ever helpful capacity. The Industrial Lenders time the pulse of our National Prosperity no longer tolerating the corrupt corpuscle of unfairness. Giving voice, through its splendid field forces, to National Sentiment, a task previously impossible for laxity of field organizations.

Dayton's rise has been phenomenal. It has embraced a strenuous program from an idea, plus constancy of purpose, to a monument of great strength. One heartily commendable to any who are out to realize the most of their capabilities.

In serving a third year we hope we may have the opportunity of assisting others to organization. We are not true Lenders unless our services are far reaching and productive.

To ALL we wish a happy and prosperous 1926—full of every genuine accomplishment.

J. D. Burwell,
Secretary, The Dayton Industrial Lenders Association.

PERSONAL FINANCE CO. BUYS SUN FINANCE CO.

The Sun Finance Company, 420 Fayette Title and Trust Bldg., Corner of Main and Pittsburgh Sts., Uniontown, Pa., previously owned by local financiers has been purchased by the Personal Finance Company and will be operated under the supervision of the Beneficial Operating Bureau of New York. Mr. C. D. Campbell. who has been in charge of the office, will continue as loan manager under the new ownership. Uniontown is a progressive city and the sale of this loan office will make it possible because of the increased capital available to render even a greater service to the necessitous borrowers of that community.

You might likewise be interested to know that Beneficial Operating Bureau of New York has recently set up its supervision work in five departments and the supervisors in charge are:

Northern Department—A. G. Zimmerman, 712 Wiss Bldg., 671 Broad St., Newark, N. J.

Eastern Department—Mr. E. R. Klein, 317 Perry Bldg., 16th and Chestnut Sts., Philadelphia, Pa.

Southern Department—Mr. E. F. Moore, 316 Perry Bldg., 16th and Chestnut Sts., Philadelphia, Pa.

Central Department—Mr. C. G. Liggett, Commercial Bldg., Dayton, Ohio.

Western Department—Mr. L. C. Dunn, 508 Chicago Stock Exchange Bldg., 30 North La Salle St., Chicago, Ill.

This department management will make possible closer contact between lender and borrower and we believe, ever increasing service to the communities in which the offices are located.

It seems to us that items of this character should be encouraged and be made known to all members for news of this character indicative of progress will be thankfully received by the editor. We shall be glad to have your thought of the matter.

Very truly yours,
Charles H. Watts, *President.*

The Editor regards the above item real news and will welcome similar items from other organizations for publication any time.

RETAIL CREDIT MEN AFFILIATE INSTALMENT HOUSE ACCOUNTS

A clearance bureau of instalment accounts is to be added to the reference clearance bureau of the Associated Retail Credit Men of New York City if present plans go through. The Association has announced that 100 of the better class instalment houses had been requested to send representatives to a dinner at Hotel Pennsylvania, January 26.

This bureau is planning to meet the problem of extending credit to individuals who may have excellent references but at the same time are obligated in different ways.

One of the great values of the new instalment group will be, it is pointed out, that the division will have on file thousands of names of people who have already purchased on an instalment basis.

PENNSYLVANIA

Department of Justice

Harrisburg

December 14, 1925.

Mr. G. H. Orth,
Chief, Bureau of Private Banks,
Harrisburg, Penna.

Dear Sir:

I have your letter asking "if the Small Loans Act is violated by a licensee who is also a pawn broker and by reason of holding the two licenses makes loans under both licenses that total more than $300." I suppose, of course, you mean that such loans are made to the same person.

The Act of June 17, 1915, P. L. 1012, as amended by the Act of June 4, 1919, P. L. 375, regulates the business of loaning money in sums of $300 or less in this Commonwealth, and a licensee in the conduct of a business under the provisions of the act dare not make loans to one and the same person that amount in the aggregate and in force at the same time to more than $300.

This applies, however, only to the business of loaning money in sums of $300 or less, as defined and regulated by the Act of 1915 and its amendment, and cannot be made to apply to any other business.

That the act does not apply to pawn brokers is settled by the act itself, for it provides "that this act shall not apply to any person, persons, partnership, association, or corporation operating under the laws relating to banks, trust companies, building associations, or pawn brokers."

The reason for this provision is stated by the Superior Court as follows:

"The exemption of banks, trust companies, building associations and pawn brokers from its operation doubtless arose out of the fact that the business of these institutions and persons is already regulated by law."

A licensee under the Small Loans Act may loan money in sums of $300 or less, either with or without security.

A pawn broker is one "engaged in the business of receiving property in pledge as a security for money or other thing advanced to the pawner or pledger."

The two businesses are entirely different and each is regulated by law and there is nothing in the law to prevent one person having a license to carry on each of said businesses. A person having the two licenses, one under the Small Loans Act, and one as a pawn broker, is entitled to carry on business under each license and to exercise the rights given by each. This would enable him to loan a person up to $300 under a Small Loan license and to transact business with the same person as a pawn broker, even though the aggregate of the business exceeds $300. The transactions, however, should be kept entirely separate and apart so that there is a complete record of each business.

Very truly yours,
(Signed) J. W. Brown,
Deputy Attorney General.

MEMBERSHIP COLLECTION HELPS

The following may be regarded as some evidence of how the National Secretary's office coöperates with members in the matter of foreign collections. Mr. D. S. Robison, State Loan Co., Galesburg, Ill., writes: "I wish to thank you for your courtesy in supplying me with the address of the loan company at Syracuse, N. Y. They have given very courteous and prompt attention to my correspondence."

LOAN OFFICE MANAGER

We have desirable permanent openings in new and also established industrial loan offices for men with training in judging credits.

We are the largest concern making industrial loans in the United States and a connection with us insures rapid promotion to men of judgment.

Also positions open for younger men as assistant loan office managers.

Salary attractive. State experience, if any, and such other facts as will be helpful. Interview arranged promptly.

Charles H. Watts, *President.*
135 Broadway, New York, N. Y.

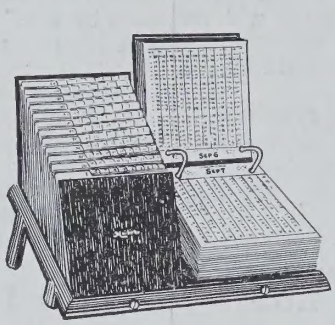
NEW YORK

George W. McLaughlin, designated as the next New York police commissioner, is now banking commissioner of the Empire State, and a personal friend of Secretary of Banking Peter G. Cameron and John S. Fisher, former head of the Pennsylvania banking department.

CALCULATOR FOR SALE

Make offer for a large Meilicke Time and Interest Calculator machine type in perfect working order. M-Box 778, Harrisburg, Pa.

NOW! THIS SET COMPLETE $80



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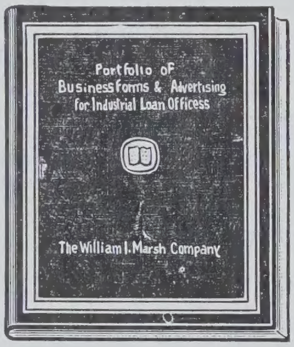
Is Our Final Achievement After Ten Years' Research Along This Line

AT a glance the TIME FINDER gives you total elapsed days and with one simple movement the INTEREST CALCULATOR shows a pre-calculated and verified interest answer. ALL IN LESS THAN TWO SECONDS' TIME. No amounts to add. Many of the offices now equipped with our calculators are also purchasing this new combination complete as additional equipment. There are many uses for more than one calculator. Price complete $80.

Sold Separately at $40.00 Each

NOTE: If you are now using our Model U Interest Calculator we can furnish you this TIME FINDER in a DOUBLE STAND Using directions we will furnish, you may easily insert interest cards. Extra cost for double stand is $2.50.


Portfolio of Business Forms & Advertising for Industrial Loan Offices
The William I. Marsh Company

Send for this Portfolio of Business Forms and Advertising

We are sole headquarters for all standard forms for the conducting of the loan business. Our forms have been approved by the proper authorities and represent the best thought of those who have had years of experience in this business. On account of volume, our prices are far below those charged by your local printer.

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and cards have been real business producers wherever used. This portfolio is designed to fit in your letter file and new forms will be sent out from time to time. MANY OF THE FORMS ARE CARRIED IN STOCK AND ARE SHIPPED THE SAME DAY YOUR ORDER IS RECEIVED.

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229 West Illinois Street CHICAGO, ILL.

Complete Outfitters for Industrial Loan Offices

Printing **Advertising** **Calculators**

DUES

On on before February 1st dues in the American Industrial Lenders Association will be payable to Geo. W. Kehr, National Secretary, Harrisburg, Pa. You can help the secretary by remitting promptly and you will save the association money by reducing the cost of follow up. Now is the time to display your new 1926 membership certificate. "Pay your bills promptly" applies to association dues as much as other obligations.

POSITION WANTED

Capable married man desires position as Manager of loan office. First class references furnished.

Address Experienced,
P. O. Box 532, Hartford, Conn.

A PRACTICAL SCHOOL IN MODERN LOAN OFFICE OPERATION

A Message to Loan Men:

Do you know that the number of Loan Offices in the United States has doubled in the last six years, and trebled in the preceding six?

Do you realize the advantage of augmenting your natural aptitude and the wisdom you are acquiring by personal experience by practical, weekly instruction that covers every phase and detail of loan office operation?

Wouldn't you like to be able to study the methods of men who are nationally known for their ability to lend money to strangers and *get the money back?*

We now are enjoying contact with hundreds of loan men who are on the firing line. They say that our lessons are easily understandable, and helpful.

Competition is keen, and the opportunities are great for men who have the foresight, ambition, and the will to win.

We have a flat rate of $4.50 per month for student fees for our yearly course of ten months, and consists of 43 lessons issued, one each Monday.

Fill out the coupon below, attach your check, and your first lesson will reach you by return mail.

Industrial Lenders Technical Institute
170 Broadway, New York City

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name ....
Position ....
Employed by ....
Street and Number ....
City and State ....

I L

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

THE LIBRARY OF THE
FEB 16 1926
UNIVERSITY OF ILLINOIS

Vol. X, No. 8. FEBRUARY, 1926. Price, $1.00 a year.

MEETING SCHEDULE

MARYLAND—Baltimore Association of Commerce, Board Room, February 9, 7:30 p. m.

RHODE ISLAND—Providence, Biltmore Hotel, Thursday, February 18, at 7:30 p. m.

NEW JERSEY—Newark, March 18, Robert Treat Hotel.

WEST VIRGINIA—Charleston, Thursday, March 18, Hotel Ruffner.

MICHIGAN—Saginaw, April 15.

INDIANA—Indianapolis, Caypool Hotel, May 19 and 20.

TENNESSEE—Whittle Springs Hotel, Knoxville, July —.

CONNECTICUT

The mid-winter meeting of the Connecticut Association was held at the Hotel Startfield, Bridgeport, Connecticut, January 27th, with Chairman Lovegrove presiding.

Owing to the fact that Deputy Bank Commissioner, Lester Shippe, who was desirous of giving a little talk, was present, a motion was made and seconded that the reading of the minutes of the last meeting and the roll call be dispensed with, so that the members present could have the opportunity of listening to the remarks and suggestions made by Mr. Shippe. The speaker, in his talk, enlightened the Lenders as to the necessity of extreme caution and care necessary in conducting the small loan business. On motion of Mr. O'Brien a rising vote of thanks was tendered to Mr. Shippe.

The chairman then declared an intermission after which the meeting was again called to order by Mr. T. C. O'Brien, acting as temporary chairman, and on motion of Mr. Lovegrove, the regular order of business, as prescribed by the by-laws was dispensed with, and the election of officers for the ensuing year, which resulted in the election of the following: Chairman, H. G. McMullin, Equitable Industrial Loan So., Htfd.; vice-chairman, M. J. Connors, Peoples Loan Society, Waterbury; treasurer, E. H. Sanderson, New Eng. Equity Corp., Hartford; secretary, W. J. Miller, Beneficial Loan Society, Hartford. Executive Committee: F. H. Lovegrove, Bridgeport; T. C. O'Brien and H. P. Stephenson, New Haven. After the election of officers, owing to the absence of the incoming chairman, the newly elected vice-chairman, Mr. Connors, took the chair.

Edgar P. East, National Chairman, American Industrial Lenders Association, having arrived was called to give the Association the benefit of his experience in his various travels to the State Conventions and his advice regarding the formation of more coöperative work on the part of the Lenders towards the elimination of the unworthy borrowers and the avoidance of duplication of loans, which is occasioned by the lack of the Lenders' willingness to consult with each other.

After Mr. East's very valuable advice, various other members spoke along the same lines and heartily endorsed the suggestions made by the National Chairman.

Another matter that was brought up by the National Chairman was the meeting together of the various State Chairmen at stated intervals preferably January, May and September. The September meeting to be in conjunction with the National Convention at the same time and place. A motion was made by Mr. Lovegrove, seconded by Mr. Stephenson, that this Association go on record as being in favor of these meetings of the State Chairmen at the expense of the State Association.

Also that a communication be sent the Ohio secretary advising him of the action of the Connecticut Association, the purpose in doing so to show the coöperative feeling that the Connecticut body held towards the Ohio Association, who were on this same day voting the same proposition at their convention in Columbus, Ohio.

The matter of "Uniform Papers" was then brought up and, on motion of Mr. East, it was decided that a committee of three be appointed by the chairman and that said committee obtain copies of all the papers used by the various lenders throughout the state and that the same be gone over carefully with a view of selecting the most suitable papers. The same to be submitted to an attorney for legal opinion and the bank commissioner for his approval. It was also suggested by Mr. East, motion made and duly carried that a set of the papers finally adopted be sent to Col. Hodson for his perusal.

A motion was made and duly carried that the secretary be instructed to write to the secretary of the Associations in Rhode Island, Massachusetts, New Hampshire and Maine regarding the meeting together of the various chairmen at given times with a view to closer relations and also advising them of the changing of the name from "Tri-State Meetings" to the "New England Conference."

On motion of Mr. Lovegrove, the matter of having the "Code of Ethics" which had been printed by authority of the Association, placed in the hands of each member was taken up and on motion duly carried, the secretary was instructed to mail a copy of the same to the State Banking Commissioners, said copy to be framed at the expense of the Association. Also to advise the members that these printed copies were in the hands of the secretary and could be obtained for the sum of $2.50.

A motion was made and duly carried that a letter be sent to the Russell Sage Foundation and the National Secretary advising them as to the election of the new officers of the Connecticut Association, together with their names and addresses.

Motion was also made and duly carried that the chairman appoint a member of the Association in each city to interview the advertising men on the various newspapers for the purpose of having them carry all advertising of the members under the "Heading" or "caption" or "Loans up to $300." The purpose of this being to segregate or separate the business of Small Loans from any other type of loans.

Mr. East brought up the idea of the chairman appointing or requesting volunteers to prepare and read a paper on any subject that might be helpful to the business at each meeting of the Association. The said paper to be forwarded to the publisher of the LENDERS NEWS for publication. Motion was duly made and seconded that this suggestion be carried out and Mr. O'Brien kindly volunteered to furnish the paper at our next meeting.

A motion was then made that the next meeting of the Association be held at the Taft Hotel at New Haven on Wednesday, March 24th, and that a dinner and dance be held following the meeting and that the meeting shall be called to order promptly at 10 a. m., adjourned at 1 o'clock, reconvened at 2:30 p. m., and quit promptly at 5 o'clock and dinner and speaking at 6:30 p. m.; dancing to follow at 9:30 p. m.

The National Chairman advised the appointment of two members to act as a grievance committee and two other members as a good will committee. A motion was made and duly carried approving the National Chairman's suggestion and authorizing the chairman to appoint said committees. The chairman then entertained a motion for adjournment, the same being duly carried.

The following members were present: E. P. East, National Chairman, Richmond, Va.; A. G. Zimmerman, Bene-

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NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 807 Grace-American Bldg., Richmond, Va.

Treasurer, C. H. Watts, 135 Broadway, New York City.

Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.

Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—D. J. Cote, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson,

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—W. Young, 220 S. 16th St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—O. H. May, 201 Day Bldg., Knoxville.

Va.—L. E. Pope, 206 E. Grace St., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

ficial Operating Bu., New York; Vice-Pres. H. P. Stephenson, New England Equity Corp., New Haven; R. L. Bumstead, New England Equity Corp., Bridgeport; E. H. Sanderson, New England Equity Corp., Hartford; L. W. Scarpa, New England Equity Corp., Waterbury; A. P. Burchard, New England Equity Corp., New Haven; L. W. Merritt, Beneficial Loan So., New Haven; H. M. Valentine, Beneficial Loan So., Meridan; R. E. Keily, Beneficial Loan So., Bridgeport; J. T. Farrell, Beneficial Loan So., Waterbury; F. W. Pape, Beneficial Loan So., Norwalk; J. A. Brennan, Beneficial Loan So., Stamford; W. J. Miller, Beneficial Loan So., Hartford; P. C. O'Brien, Equitable Ind. Loan, New Haven; A. L. Carlson, Equitable Ind. Loan, Waterbury; R. W. Roberts, Equitable Ind. Loan, Bridgeport; F. H. Lovegrove, Equitable Ind. Loan, Bridgeport; J. Miller, Fidelity Loan Corp., Bridgeport; A. Canter, United Loan Corp, Bridgeport; C. H. Elder, National Loan Co., Hartford; F. M. Plummer, Personal Finance, Bristol; R. C. Bernhardt, American Loan Co., New Haven; J. Holmes, Personal Finance Corp., Ansonia.

In addition to the above members present Mr. Congrove, representing the Bridgeport *Post and Telegram*, was an interested spectator.

A telegram was received from Mr. L. E. Pope, chairman of the Virginia Industrial Lenders Association regretting his inability to attend, but wishing the Association a successful session and advising them of the intended presence of National Chairman, Ed. P. East.

W. J. MILLER, *Secretary*.

GEORGIA

The fifth annual banquet and ball of the Georgia Industrial Lenders Association was held at the Capital City Club on the evening of Tuesday, January 12, 1926.

Ninety-six palatable dinners were served to the guests and members.

Col. Tillou Von Nunes officiated as toastmaster. The honored guests present were Richard B. Russell, Chief Justice, Supreme Court of Georgia; Mr. T. R. Bennett, Superintendent Georgia State Banking Department; Judge L. F. McClelland, Municipal Court of Atlanta; Mr. B. S. Barker, Executive Secretary, Chamber of Commerce; Mr. J. L. R. Boyd, General Counsel, Legal Aid Society; Mr. C. N. Davie, Attorney Georgia State Banking Department; Mr. Luther Roberts, Special Counsel, Georgia State Banking Department; Mr. H. G. Schiff, President, Associated Retail Credit Men of Atlanta; Mr. L. S. Gilbert, Secretary-Treasurer, Associated Retail Credit Men of Atlanta; Mr. J. M. Clyatt, Mr. T. B. Everett, Mr. Chas. H. Wetmore, Mr. A. L. Myers, also of the Associated Retail Credit Men of Atlanta; Mr. C. K. Ayers, Mr. and Mrs. W. A. Foote, Dr. and Mrs. DeLos Hill, Col. and Mrs. Pat. M. Stevens, of the United States Army; Capt. and Mrs. Robt. B. Ennis, Mrs. Annie Williamson, Mr. B. S. Barker, Jr., Mrs. Raymond C. Hamilton, Mr. Ernest Rogers, Mr. L. E. Pope, Richmond, Virginia; Mr. E. F. Moore, Mr. Knapp, Mr. Mallard, of Philadelphia, Pennsylvania, and many others. The wives of most of these prominent men were present.

During the dinner a beautiful gold plated Vivadou oblong compact was presented to the ladies with the compliments of the Georgia Industrial Lenders Association.

The Vic Myers Orchestra, Big Bethal Quartette (colored), Mrs. Ruby Boensch, Queen of the Radio W. S. B. Studio and Ernest Rogers "Old King Tut, the Radio Nut," entertained with delightful music and songs.

Address of welcome was delivered by Mr. A. B. Madison, chairman of the Georgia Industrial Lenders Association.

Richard B. Russell, Chief Justice, Supreme Court of Georgia was then called upon for a few remarks.

EXCERPTS FROM THE REMARKS OF CHIEF JUSTICE RICHARD B. RUSSELL

"I have no patience with usury, but the existence of usury does not depend altogether upon the rate of interest. Usury may be defined to be the taking or charging, or the attempting to take or charge, a greater rate of interest for the use of money than that allowed by law. This, in effect, is the definition in our State of Georgia, and it is the charging of a rate of interest higher than that allowed by law to which I refer. Legislative bodies, in determining what is usury, necessarily are affected by prevailing conditions at the time that the legislation is required, and what might be a high rate of interest under some conditions or at a particular era in history would not be an exhorbitant charge under different conditions at another time in the history of a people. Usury has been condemned throughout all history, reaching back to the word as employed in Leviticus and Deuteronomy through the history of the Greeks and through Roman jurisprudence. Usury has been denounced both civilly and criminally in the laws of England from the earliest times, and likewise in all of the Colonies which comprised the original thirteen states of the Union. In Georgia the law denounces any makeshift, device, subterfuge or contrivance by which a higher rate for the use of money is imposed upon a borrower than that prescribed by law. But bearing in mind, as I do, that a rate fixed by the wisdom of our lawmakers for the use of money is not usury I have always supported such lending as is fostered by your worthy Association although the rate be high. This for the reason that I hope that from the success of your Association in relieving the poor and oppressed from the 'sharks' that oppress them our lawmakers will in time be able to reduce the rate of interest much lower than 3½% per month, and that your Association will itself cheerfully agree to this reduction by reason of the diminution in a large degree of the risks now attending your business.

"I believe your Association has served and will continue to serve a most useful purpose to that portion of our citizens whose necessities frequently expose them to perfect outrage at the hands of usurers, who without conscience and without mercy frequently take advantage of hunger and misery, sickness and death, to ply a most nefarious business and drive unconscionable bargains at the expense of those whose urgent needs make them absolutely helpless in the hands of the lender. *The law of Georgia does not allow subterfuges or contrivances, it abhors masks and disguises, and I hope to* *see the day when we shall have in this State absolutely crushed, convicted and jailed the horde of so-called money lenders who under the pretence of buying salaries or other choses in action are charging hundreds and thousands of our laboring people from 10 to 20 per cent per month, or from 120 to 240 per cent per annum upon the miserable pittance that the desperate circumstances of the borrower forces them to procure upon any terms. This is outlawry in defiance of the statutes of the State, and wonderful to say, is rewarded by exemption from the license tax which as legalized lenders such as you are compelled to pay.* Your lending at 3½ per cent is legalized. It is not usury because if you comply, as I believe you do, with the provisions of the act of 1920 your business is legalized,—it is in accord with a law which the legislature, after calm and deliberate consideration, has thought not to be inimicable to the interests of the State. The lawmakers were obliged to consider, as I do, that in your business there is such an element of hazzard, that the risk of collection is so great, and the many losses so certain, that it would be impossible for a large class of people to obtain money anywhere, even in the direst necessity, at a rate even approaching eight per cent per annum. The legislature also had in mind, as I firmly believe, that if the "sharks" are legally exterminated the element of risk will be so greatly diminished that it will be possible for legalized lenders, as you, to make a greater profit upon your money at a lesser rate of interest than is now possible, with the rate of 3½ per cent.

At the conclusion of Judge Russell's address, Toastmaster Von Nunes introduced Mr. Bennett, superintendent of Georgia State Banking Department, by requesting him to arise. He graciously complied and was received with much applause.

The next speaker called upon was Judge L. F. McClelland, esteemed judge of the Municipal Court of Atlanta, whose extemporaneous address was in part as follows:

"MR. TOASTMASTER, LADIES AND GENTLEMEN:

"Several days ago your honorable toastmaster gave me an invitation to attend this banquet and assured me that I would not be called upon to make a speech or even to talk and to my surprise when I looked on the program this evening I was slated as a speaker with these other renowned, experienced and eloquent speakers, Judge Richard B. Russell, Chief Justice, Supreme Court, Hon. B. S. Barker, Executive Secretary of the Chamber of Commerce. After I had noticed my name on the program as a speaker, I turned to my good and resourceful friend, Brother Barker, and asked him what on earth to talk about, and he suggested that I say a word or two on three of the mostly-discussed topics of the day, so under his advice I will say a few words on what I deem the most popular topics of the day and which in their order of importance are first Florida, second Prohibition, third Evolution.

"Now I will dispose of the subject of Florida by telling you a little story I heard a minister tell a short time ago. He said that he had a friend who told him that he dreamed he died and went to hell; after he had been there a few days and after he had inspected the whole heating plant, he noticed that there were people from every state in the Union except Florida. He asked the chief fire stoker what this meant, and why there were no people from Florida there. This prince of the lower regions told him that he had not looked about as closely as he should, otherwise he would have found them, and suggested that he take a walk just over the hill and look down into the valley and he would see the Floridians headquarters. He did as suggested and to his surprise and consternation he saw nestled in the valley an enormous cage that was packed to its capacity with citizens of Florida. He could not figure it out, so he went back to the chief stoker and asked why he kept these poor fellows in solitary confinement and his reply was: why, if we turned those guys out of that cage they would subdivide hell and sell it for paradise lots in less than a month.

"Now, as to Prohibition, I shall likewise dispose of it by a little story I heard a short time ago. The story goes that a train enroute from Griffin to Atlanta, Georgia, stopped at a small railroad station and a man got aboard who was in common slang parlance lit; that he staggered up the aisle of the train in search of a seat and as it happened sat down by an Episcopal minister who was dressed in the usual attire of a minister of that Church and as the train sped on to Atlanta this new passenger became very dry and thirsty and wanting to be a good sport offered the minister a drink, whereupon the minister became very indignant and upbraided the man for so grossly insulting him and at the same time informing the generous one that he never touched a drop of liquor. I am a Prohibitionist. I have always fought and always will fight the manufacture and sale of any kind of liquor and have never been drunk in my life. The fellow, in surprise, looked the minister over and said, you are a liar. You are drunk now. You have your collar on backwards and do not know it.

"The subject of Evolution. Now I come to the serious part of the discussion. It is appropriate and pleasingly appropriate that a judge of the Municipal Court of Atlanta should address your body at this your fifth annual banquet of the Georgia Industrial Lenders Association. The Municipal Court of Atlanta evoluted from that diabolical system of Justice Courts that once made life miserable for the poor and oppressed in our city; and your Association evoluted from a band of money lenders in Atlanta who connived and conspired with the judges and officers of these justice courts by extortion through threats and by imprisonment, made the lives and homes of the poor and unfortunate of our city who had fallen through want, into their clutches; places of torture and suffering.

"For the information of some of you I am going to relate to you a *little history from real life* of these *Justice Courts and these money sharks* that held high carnival in our fair city, and whose conduct and oppression became so terrible that a revolution was brought about. It is said that the one thing that brought this nefarious practice to a climax was a case where a gentleman of this city who held a responsible position in one of the department stores, needed some money and applied for a loan, he was charged ten per cent or more per month and finally reached the point where he could not pay the interest he then applied to another money lender named Peter for a loan to pay Paul and that he was required to mortgage some of his furniture in order to obtain this loan. Soon after, he was forced to allow this furniture to be sold at a pittance; he borrowed more money to keep up the interest on the first loan and it was then that he mortgaged the last article of furniture in his already poverty-stricken home and upon these two loans, secured from these money sharks he paid interest at the exacted exhorbitant rate that these merciless extortioners demanded. He could not seem to satisfy these money sharks who then sought to foreclose on the last vestage of furniture in his home, the officers were removing the articles from this already scantily furnished abode, and when the officer seized the baby's bed and as he made an effort to remove it from the room, the frail little grief-stricken wife and mother who had suffered and sacrificed to help her husband meet the payments and demands of these blood suckers; seeing the bed of her baby being taken, pluckily seized an ax and defied the officer to further molest her home and shelter. The officer realizing the dire extremity of this little woman and seeing murder in her wild and frantic eyes, left the home and went back to the Justice Court and procured a warrant against the woman for interfering with an officer in the discharge of his duty, and this was the match that lighted the fire of the revolution among the good people of Atlanta and thanks to the Grand Juries, Judges of the higher courts, the honorable lawyers, and citizens of Atlanta these law breakers, robbers and home wreckers of these days were prosecuted and made to pay the penalty for their evil doing. The Justice Courts were abolished, laws were enacted to prevent the repetition of these diabolical systems, and thank God there has evoluted from this cesspool of pollution *two magnificent institutions—one is the Georgia Industrial Lenders Association and the other is the magnificent and efficient system of Municipal Courts in Georgia."* Applause.

"Ladies and gentlemen, I would be unfair and unjust if I did not say to you that there were two or three judges of the Justice Courts, and some of their bailiffs as well as a very few of the money lenders who were high class gentlemen and who were at all times ready to do the right thing." (Applause.)

"Gentlemen of this Association, I say to you that the Russell Sage Foundation could not have dreamed of the greatness of this monument it builded and that you are so graciously and loyally preserving.

"I have investigated and with a great deal of interest and pleasure the law under which you operate. I want to say to you that if you follow the letter of that statute and the spirit of this law you are not only earning for yourself a dignified and honest livelihood but you are doing a service to that class of people for whose protection this great Sage Foundation was founded (applause) *that no other Association in all the world can possibly render* (great applause). In conclusion let me beg and admonish *you not to allow the unscrupulous to become members of your Association who will take a short cut to violate this law to get* *a little more interest. Keep your own hands clean and coöperate with each other and vigorously prosecute those who would attempt to bring into disrepute this magnificent system you are fostering.* (Applause.)

"I want to thank you, gentlemen, for inviting me here and to assure you that I have enjoyed the festivities of this occasion more than I can express.

"I thank you."

The concluding speaker of the evening was Hon. B. S. Barker, executive secretary of the Atlanta Chamber of Commerce:

"Mr. Toastmaster, Ladies and Gentlemen:—It is with great pleasure that I accepted the invitation to make you a brief address tonight, as I am vitally interested in what you are trying to do.

"The first thing which attracted my attention is the high methods and clean practices that your group of small bankers have ever carried out in Atlanta, this has resulted in the sympathy and support of a wide influence in your favor, not only from prominent citizens, but from officials of Atlanta and the State of Georgia. I note with pleasure tonight the presence of Chief Justice R. B. Russell of the Supreme Court, of State Examiner Thos. R. Bennett, of State Banking, Attorney Carl N. Davie, as well as the presence of Judge L. F. McClelland, of the Municipal Court, and others, which I know signifies their full sympathy and interest in the work in which you are engaged.

"Salary buyers, high rate lenders are in my opinion one of the causes of domestic troubles and often cause great hardship and distress to the wife and children of the working man. The illegitimate lenders do not require the wife to sign—in fact, they do not want the wife to know of the transaction, and learn of it when the husband's salary is tied up, often for several weeks, and many times a good job is lost; it is then that the innocent wife and children are made to suffer. These bankers, as I look at them at this function members of this splendid organization, make it a family affair. They require both the husband and wife to sign, and make loans where it will help and relieve distress. They are lenient and treat those in need and those that have sickness in the family with great consideration.

"I think you have a splendid organization and are doing a wonderful work. Atlanta is indebted to you for the great service you are rendering its people. You have at all times the whole-hearted support of the Atlanta Chamber of Commerce in working out a helpful financial plan which benefits a certain class of our citizens who have no opportunity whatever of securing loans from the larger banks.

"So long as your business is carried on along the same high plane as I am sure applies to your methods today, the Chamber of Commerce will continue their full support in your behalf."

All addresses were extemporaneous. After much applause the hall was cleared and the dance began with many Charleston dancers present. Many friends of those present at the banquet were invited to attend the ball, and there were approximately one hundred couples on the floor. Noise making favors were in abundance. Along with fruit punch with, and without helped to put every one in a happy mood. The music was delightful and extraordinarily high class and inspiring to both the old and the young.

At twelve midnight a luncheon of sandwiches, cakes and fruit punch was served during intermission.

Everyone was going strong when the rendition of Home Sweet Home spelled finis.

The fifth annual was a delightful affair and many new friends were made.

EDW. M. STEIMLE, *Sec. and Treas.*

MARYLAND

The Maryland Industrial Lenders Association held its first 1926 meeting in the Board Room of the Baltimore Association of Commerce, Tuesday, January 19th, at 7:30 P. M. The largest crowd ever to attend a monthly meeting was in attendance. Treasurer Goldrick made a report of the financing of the dinner dance in November, a deficit of $9.50 was reported.

Chairman Hood gave a short but snappy talk on the financing of the Association so that it might carry on without hindrance for the want of funds, and promised that no further deficit would occur during his administration. We hope everyone will join wholeheartedly in helping Mr. Hood keep good his promise.

Chairman Holden of Publicity reported that he had been successful in getting news items of interest in two Baltimore Newspapers, one Cumberland and Hagerstown paper. Good work, George, keep it up!

Law Committee, Chairman Gardner, reported that he was about ready to roll up his sleeves and get to work on several matters of importance to Licensed Lenders in Maryland. We expect to hear from the good work of Chester Gardner frequently from now on.

Viligance Committee Chairman Broce reported progress.

Membership Committee Chairman Potter reported his Committee functioning in perfect order.

Mr. Rosenfeld of the Bonded Finance Company spoke interestingly on collections, the filing of salary assignments, etc.

Upon motion a letter from National Chairman Edgar P. East with regards to a meeting of State Chairman was tabled.

Chairman Hood instructed Mr. Moore of Philadelphia to take the chair for the purpose of a general discussion of "Case One" comprising many elements of credit and collection methods for educative purposes compiled by the Industrial Lenders Technical Institute of New York City.

The consensus of opinion was as follows: The loan should not have been made. The Application Man's investigation was not conducted properly. The collection methods were conducted in a spirit of service. The loan was not profitable and should not be renewed.

HOWARD T. MATTINGLY, *Secretary.*

NEW JERSEY

The quarterly meeting of the New Jersey Industrial Lenders' Association was held at the Hillwood Inn, Trenton, New Jersey on Thursday, January 21, 1926.

The members were met at the Trenton Station at 10:30 A. M. as guests of the Trenton Lenders' Exchange, and were conducted on a sight seeing tour of Trenton, visiting the many historical points of interest, including a most interesting trip through the Lennox Pottery Works where the world's finest Ming china is produced.

Great difficulty was experienced by the guards in the plant in keeping the members from hypothecating any of the thousand dollar plates. Our friend Van Horn was at the door when the members came out and no one was allowed out until they were thoroughly searched.

After which, the members were driven to the Hillwood Inn where a most delightful luncheon was served to the satisfaction of all present.

After luncheon Mr. Charles H. Watts, President of the Beneficial Operating Bureau of New York City, in his ever pleasing manner, introduced Mr. Dayton Oliphant, one of New Jersey's foremost attorneys, who gave us a most delightful little talk on the ways and means by which the industrial lenders could coöperate with the legal profession of the state and accomplish more and add to the good-will of the community by the careful handling of delinquent accounts. He rather stressed the point of the forceful collection methods of years gone by and implored the members to use more discretion and show more leniency to the delinquent borrowers, who through circumstances, were unable to meet their obligations on the exact date when due.

That Mr. Oliphant's little talk was greatly appreciated by the members, was manifested by their rising vote of thanks, after which Mr. Watts introduced to the members, Mr Leon Henderson, Associate Director of Remedial Loans of the Russell Sage Foundation of New York City. Mr. Henderson in his talk was very quick in notifying the membership that he was a native of New Jersey, being fortunate enough to be born in Millville, New Jersey, a rather unknown little spot in our fair state that has produced more statesmen and well-known men, such as Mr. Henderson. He gave us a résumé of the activities of the foundation to the present date and their experiences in England. He pointed out that our business was closely allied to the credit or instalment houses of today and that the foundation was at the present time conducting a survey of this business and requested each member of the Association to lend such aid as they possibly could in obtaining information as to the charges made by these instalment houses over and above the retail price of the article in which they dealed. He reported that in several instances, the difference between a retail store and an instalment house was over five hundred per cent and that the foundation is endeavoring to find ways and means of combating this deadly practice to the consumer by exposing this practice through national publicity, rendering a service not only to the community but to the small loan business at large.

The meeting was then called to order by Chairman Alberse and the roll call was responded to by the following members:

American Equity Corporation, Trenton; Beneficial Loan Society, Jersey City; Beneficial Loan Society, Newark; Beneficial Loan Society, Orange; Beneficial Loan Society, Patterson; Beneficial Loan Society, Trenton; Beneficial Loan Society, Elizabeth; Bergin County Loan Association, Hackensack; Community Finance Service, Inc., Elizabeth; Community Finance Service, Inc., Jersey City; Community Finance Service, Inc., Atlantic City; Community Finance Service, Inc., Camden; Community Finance Service, Inc., Newark; Equitale Loan Society, Newark; Gibraltar Loan Society, Newark; Guaranty Loan Company, Camden; Household Finance Service, Inc., Newark; Household Loan Company, Trenton; Max Knobloch Loan Company, Newark; Mercer County Loan Association, Trenton; National Loan Association, Trenton; Newark Cash Credit Company, Newark; Newark Cash Credit Company, Jersey City; New Jersey Finance Company, Jersey City; Peoples Loan Company, Jersey City; Protective Investment Company, Paterson; The Van Horn Agency, New Brunswick; The Van Horn Agency, Trenton.

Among our guests were Mr. Charles H. Watts, Mr. E. R. Klein, Professor Bell of the Industrial Lenders Technical Institute, Mr. Frederick K. Fisher, Mr. Bumsted, Mr. Leon Henderson of the Russell Sage Foundation, New York City and Mr. William H. Boullt, Superintendent of Community Finance Service, Inc.

Chairman Alberse rendered a very splendid report on the progress of the loan business in the past year and that the fraternal feeling between the state banking department and the members of the Association was becoming more friendly than ever before, and that the department was always willing to coöperate with us and sincerely believes in the members of this Association.

The Secretary reports that he was met with splendid response to his appeal to the membership for a copy of the loan papers as now used by the members for the Executive Committee in determining the ways and means of obtaining uniform papers. He reports that the response of the members to his call for dues was not met in the same way and that there were quite a few members who had not, as yet, forwarded their dues.

The Treasurer reports at the time the office was turned over to him by Mr. Long, that he received from our former Treasurer, the amount of $528.33, which was deposited to the credit of the Association at the Newark Trust Company in Newark.

Receipts to date were $886.67, a total of $1,415. Disbursements $4.55, cash on hand January 21, 1926, $1,410.45. Treasurer's report was ordered filed.

Chairman, William Young, reported through Mr. Hansche, that he had six new applications for membership and that his committee was coöperating with him in every way.

Mr. Watts on behalf of the legislative committee reports that there is nothing stirring at the present time and that the committee was ever watchful and pursuing the waiting tactics.

Mr. Van Horn on behalf of the Committee, appointed for the selection of a seal for the Association, submitted two designs which were passed among the members. Unable to reach a definite decision, the designs were returned to the committee with the power to choose for themselves. Mr. Van Horn on behalf of the Executive Committee offered a written report which was accepted as read and ordered placed in the files. It was regularly moved and seconded that the committee be allowed $500 to defray expenses of the coming annual meeting of the Association to be held in the City of Newark on or about the 18th of March. Said motion was carried. The Secretary then turned over to Mr. Simonsen as Chairman of the Executive Committee, the various sets of loan papers as received from the members for perusal of the Committee.

The following applications were offered by the Secretary for membership in the Association and it was regularly moved and seconded that they be accepted and notification of same be sent to them by the Secretary.

Arrow Loan Society, Hoboken; Montgomery Loan Company, Jersey City; Journal Square Loan Company, Jersey City; Columbia Finance Company, Jersey City; Mutual Benefit Loan Company, Jersey City; Capital Loan Company, Inc., Union City.

Professor Bell of the Industrial Lenders Technical Institute of New York City gave an interesting talk on the work accomplished by the institution which work was further explained by Mr. Frederick K. Fisher of the Beneficial Loan Society. Chairman Van Horn offered a bill of $11.40 expense for this meeting, which upon motion, the Treasurer was ordered to pay.

W. P. Hanshe, *Secretary.*

LENDERS' SPECIAL WRECKED ON WAY HOME FROM TRENTON MEETING

As far as Messrs. Hansche, Boullt, Warden and Marion of "Community" and Lambert of "Guaranty" are concerned, the activities of the day didn't stop when the quarterly meeting of the New Jersey Industrial Lenders Association adjourned in Trenton on January 21st. Fact of the matter is, the real activities developed on the way home.

Mr. Lambert in the goodness of his heart, invited the other gentlemen to ride home with him to Philadelphia in his car. They all accepted. Everything started out nicely. Lambert's eight-in line, superhetrodine bus purred its way out of Trenton at about 5:30 P. M. It was raining—and therein lies a story. Before the city limits were reached Mr. Lambert playfully tried to chase a cop up a steel girder. The officer, although Irish, seemed to lack a sense of humor and refused to play. What he said made the engine backfire and almost melted the brand new baloon tires. However, with the aid of the fast falling fog, the officer was eluded and the journey resumed.

Now Mr. Lambert had equipped his superhetrodine with one of those new fangled windshield wipers. The mail order house from which he bought it said it would work. Fact, it was guaranteed to do its allotted job. But apparently they had neglected to call the guarantee to the attention of the windshield wiper itself. Be that as it may, the fact remains that the wiper wiped only when the car hit a bump. Mr. Lambert hit enough to assure a fairly clear vision. That seemed to be his definite intention. So engrossed was he in making the darned contrivance work that he bumped off the road and laid the car on its side—ditched, as it were. He claimed that the fog made it impossible for him to see the road. The other men have various opinions of the matter.

In the scramble that followed, voices could be heard inside the car. "Hey, get off my neck," said one. Another was heard to remark, "Gee, Bill I hope you didn't break that $1,000 plate." We just want to make a statement here that during the course of the day the boys had visited the plant of the Lennox Pottery Works where the most expensive Ming Chinaware is made. We want to say also that the Company does not sell at retail from the factory and besides Bill Hansche never had a thousand dollars. Use your own judgment.

As a result of the episode Mr. Warden is sold body, boots and breeches on the theory that a man can get what he wants if he puts himself in the proper frame of mind. To fortify his conclusion he explains that as they left Trenton he kept humming to himself the popular ditty "I'm Sittin' on Top of the World." He just couldn't get his mind off it and sure enough in a short time he found himself "sittin'" on top of the world,—that is, all the world he had any immediate interest in. This particular world was confined to the inside of Mr. Lambert's upset car and was made up of layers or strata just like any world should be. The first layer or strata was Hansche, the Second Boullt—and with Warden sittin' on top.

But to get the proper angle of this upsetting incident it must be considered that Mr. Warden is a feather weight, tipping the scales at about 125 pounds, while Mr. Marion is in the heavy weight class, weighing at about 220. Bill Hansche acted as shock absorber for Boullt and Warden when the car laid down, while Marion tried to displace Lambert in his position at the wheel. Hansche in his scramble for freedom mistook the isenglass for daylight with the result that he shoved one leg through an otherwise perfectly good side curtain. Warden being the nimblest of the lot got clear of the wreck first and when Boullt emerged he was frantically tugging at Marion (the heavy weight) and so far had been able to accomplish little more than pull off the above-mentioned Marion's shoes and socks.

By the time all this had happened the fog had descended in earnest and everything was as dark as the inside of last year's derby. The car was finally set straight with the aid of a five-ton truck that chanced by. Everything was set to continue the journey. There was only one thing that interferred—they couldn't see more than a yard ahead. Time was swiftly passing by and with the prospect of agitated wives, drastic measures were decided upon. Hansche and Boullt were elected to act as guides. They accepted the election reluctantly, having become the least bit suspicious of Mr. Lambert's intentions. They walked slowly, cautiously, down the middle of the road while Lambert followed with his car, using them as "channel buoys," so to speak. In this way they were able to proceed until several more midnight tourists caught up with and passed them. Boullt and Hansche jumped aboard and Captain Lambert played follow the leader. Fortunately the car ahead was going in the proper direction and in the wee small hours our "adventurers in the night" found themselves on familiar ground. What happened after they arrived home, many hours behind schedule, is a personal and closed story.

OHIO

We trust that the readers of your valuable paper may be interested in hearing something of the annual Mid-Winter meeting of The Ohio Loan Association, which was held at Columbus, Ohio, on Wednesday, January 27, 1926, with headquarters at the beautiful new Niel House.

The weather man was on hand with a bag of tricks in the shape of a blizzard, but was unable to forestall our attendance or dampen our enthusiasm.

The noon luncheon was attended by eighty-six persons, and after the luncheon a splendid address was delivered by Mr. F. D. Sickles, Secretary of The Retail Credit Association of Columbus, Ohio.

The evening banquet was one of the largest and most successful ever held by the Ohio Association and was attended by 146 persons. At this meeting Mr. Leon Henderson, Associate Director of the Russell Sage Foundation, made an address, and among other things pointed out the fact that a study of the system which has been inaugurated in the United States is being made by the English people to the end that a law similar to the uniform bill will probably be enacted in England to correct the money lending evil which now exists in that country.

Mr. Cyrus Locher, Director of Commerce of the State of Ohio, delivered an address upon the subject of "Investigation of the Land Selling Situation in Florida" and proved to the entire satisfaction of the audience that the opportunities in Florida are not to be compared with those which actually exist in Ohio and elsewhere.

The most important business coming before the Association on this day was the adoption of a new Constitution and By-Laws and we would have your readers know that the name of our Association is now "The Ohio Industrial Lenders' Association."

The new Constitution and By-Laws among other things provides for a Board of Directors consisting of seven persons; and in an election which was held after the adoption of the new Constitution, the following Board of Directors was elected:

Col. D. H. Pond, Dr. C. G. Mueller, Mr. L. K. Osborne, Mr. T. R. Schoonover, Mr. M. L. Anderson, Mr. J. P. Michael and J. Fred Anderson.

Immediately after the election the new Board organized by election of the following officers:

President, Col. D. H. Pond of Cleveland; Vice President, Mr. L. K. Osborne of Columbus; Treasurer, Mr. J. P. Michael of Columbus; Secretary, J. Fred Anderson of Springfield.

The Ohio Lenders Association now has a paid publicity agent in the person of Mr. B. D. Streng, Hartman Building, Columbus, Ohio, and Mr. Streng was present and was introduced to the membership and was heard by them. Mr. Streng made quite a favorable impression. He is a newspaper man of long experience and publicity work and his value is evidenced by the fact that he got across a lot of publicity in Columbus and elsewhere relating to our Mid-Winter meeting.

We regret to report the death of Mr. W. E. Hamlin, a member of our Association, who formerly had an office at Cleveland, Ohio. Suitable resolutions were adopted at this meeting covering his death.

The following new members were elected into membership: Lincoln Loan Co., Cincinnati, Ohio; Citizens Loan Co., Greenfield, Ohio; Welfare Loan Co., Cincinnati, Ohio.

It was the sense of the meeting that The Ohio Lenders' Association is heartily in accord with the principle of the idea of the National Association that the State and National dues should be collected at one and the same time and that the State Association should collect an amount of dues sufficient to cover the expenses of membership for each of its members to become members of The American Industrial Lenders' Association.

We still adhere, however, to our principle of basing our dues on the average loan balance of the member for the preceding year, and we earnestly hope that some method may be arrived at between the two associations so that Ohio by paying a certain percentage of its income may thereby permit all of its membership to become members of and enjoy the numerous benefits constantly flowing from membership in The American Association. We were honored by the presence of several members and friends residing outside of Ohio. From New York City came C. H. Watts and Leon Henderson; from Philadelphia came Dr. C. G. Mueller; from Indianapolis came J. H. Aufderheide, W. A. Zumpfe, George C. Grinsteiner and D. R. Reynolds, and of course, no convention would be complete without the presence of M. I. Marsh, of Chicago, with his lightning interest calculators.

J. Fred Anderson, *Secretary.*

The Columbus Industrial Lenders Association held a very enthusiastic meeting in January in the offices of the Ohio Finance Co., 43 W. Long St., admitting one new member into the Organization. Received applications from two others. We now have eleven out of a possible sixteen in our Columbus Organization.

This being our annual election, J. J. Aldrich of the Aldrich Finance Co., was elected President; B. L. Thuma of The Capitol Loan Co., Vice-president; P. J. Flynn of The Beneficial Loan Society as Secretary; J. W. Smith of The City Finance Co., Treasurer; J. G. Gaffney of The Ohio Finance Co., as a member of the Board of Directors.

The Organization has done much to promote harmony between the chattel loan and the credit houses of the city. Never in the history of the chattel loan business in Columbus has as much friendly coöperation been enjoyed between the credit houses and the loan men as we experienced the past few months, which worked to the benefit of all, and the fault seems mainly to have been with the loan men. It appears that they have not been doing enough talking to sell their business to the general public,—that about all the public learned of our work was what they heard from the dissatisfied borrower or the professional dead-beat.

Our meetings have improved both in interest and in numbers in attendance, and we are planning for bigger things for the future.

P. J. Flynn, *Secy.*

ILLINOIS

The regular quarterly meeting of the Illinois Industrial Licensed Lenders Association was held Friday evening, January 29th in the Rose Room at the Morrison Hotel, Chicago.

A turkey dinner was served at 6:30 p. m. to an appreciative and enthusiastic meeting of seventy-four members and guests and to judge from the compliments received it was a complete success. Our guests of honor were Mr. Leon Henderson, Associate Director of the Russel Sage Foundation and Judge James S. Baldwin now sitting in the Circuit Court in this city and who was at one time Assistant Director of the Department of Trade and Commerce which has supervision of the small loan business in Illinois.

Our business meeting was called to order at 8 p. m. by Chairman Albert P. Snite, who wore his every-ready smile and genial manner.

Treasurer J. D. Lynch reported a good balance on hand and all bills paid.

Secretary Sanderson reported a membership of sixty-nine and sixty-eight members in good standing.

Chairman Snite presented applications for membership from Household Finance Corporation, 4753 Broadway, Chicago, Mr. A. R. Wick, Manager, and Local Loan Company, at 1554 Ogden Avenue, Chicago, Mr. Paul O. Nielsen, Manager, and Mr. Peter Burr, Assistant Manager. Motions were made and seconded and their applications accepted.

Mr. Charles R. Napier spoke of the effect of full-page educational advertisements, which appeared in recent issues of *Chicago Commerce,* the magazine issued by the Chicago Association of Commerce, and said he has received calls from executives of two large Chicago firms requesting information regarding the way in which loans are made and one man was satisfied to the point of wanting to refer needy employees of his company to members of this Association for loans, when it would be helpful. Mr. Napier explained to us a recent Supreme Court decision on conditional sales contracts which changes all previous law on the subject and we now know that an individual cannot give, through bill of sale or chattel mortgage, any better title in personal property than he has; meaning briefly, that a mortgage, whether recorded or not, would have no standing if the property was covered by conditional sales contract which was not fully paid.

Mr. Napier has been appointed Chairman of the Chicago Crime Commissions Committee on Sheriff, Coroner, Bailiffs and Clerks and is still the most active friend we have in Illinois.

Secretary Sanderson reported on correspondence and the receipt of a number of letters from members in different cities and States and the satisfactory help which is given in the collection of accounts.

Mr. L. C. Dunn, Western Supervisor for the Beneficial Operating Bureau was introduced and we know he will feel at home with us and be interested in Association matters.

Chairman Snite spoke of the absence of Mr. Claude McCurdy, of the Bratt Loan Company, Chicago, because of a minor operation and announced the appointment of a Director of Department of Trade and Commerce in Illinois.

Judge Baldwin gave us a very interesting as well as humorous address and expressed his pleasure in being our guest once more.

Mr. Leon Henderson, of New York,

Associate Director of the Russel Sage Foundation, was introduced by our Chairman and received a cordial welcome.

Mr. Henderson spoke with exact understanding of our ideals in business and the service we are rendering, and devoted part of his very interesting talk to mention of the report of Dr. Louis N. Robinson on the small loan business and told us: "after reading it he did not think there need be any material change in the uniform Small Loan Law."

We were delighted with the personality of Mr. Henderson and know he made seventy-three warm friends at our meeting. Chairman Snite invited Mr. Henderson to be our guest April 30th, and he said he would be with us if possible.

John H. Sanderson, *Secretary.*

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held at the Biltmore Hotel, Providence, R. I. at 7:30 P. M., Thursday, December 17, 1925.

The meeting was called to order by Chairman Rich.

The following members were present: Household Finance Corporation, Providence, R. I., J. G. Findlay; Citizens Finance Service Co., Prov., R. I., W. G. Wood, G. W. Delaney; New England Equity Corp., Prov., R. I., W. A. Kefauver, Russell E. Pierce; National Loan Company, Pawtucket, R. I., F. A. Pomfret.; Chester Neal Company, Providence, R. I., H. G. Neal; Mutual Service Association, Newport, R. I., G. F. Lewis; Mutual Loan Association, Pawtucket, R. I., G. E. Rich; Personal Finance Company, Providence, R. I., E. La Gueux, W. A. Kirkpatrick; Mutual Finance System, Providence, R. I., S. S. Moran

Among our guests at this meeting we had the honor of having the presence of Messrs. C. H. Watts, A. G. Zimmerman, A. G. Morhart, and A. Murchie of the Beneficial Operating Bureau, New York. Mr. H. P. Gatter of Philadelphia, Pa.; Mr. H. Nelson Street of the Providence Chamber of Commerce; Messrs. C. A. Hunter and W. H. Deignan of the American Loan Company, Providence and Mr. H. A. Lanctot of the American Loan Company, Woonsocket.

Report of Officers

Treasurer Kennon reported on funds and disbursements in connection with the September, 1925, Convention of American Industrial Lenders Association, held at Providence, R. I.

It was gratifying to know there was a balance of $21.90 left after meeting all expenses of Convention. Mr. Wood moved that Treasurer's report be accepted and that surplus be divided and sent to Massachusetts and Connecticut Association, upon being seconded by Mr. Watts it was carried.

Secretary La Gueux reported sixteen members and three new applicants to be passed upon at this meeting.

Report of Special Committees

Mr. Dwight being absent no report was made on special committee appointed at last meeting to interview members who do not attend meetings. Motion was made, seconded and carried that this committee be discharged. Motion was made by Mr. Wood and seconded that old Membership Committee be discharged and new committee be appointed by Mr. Watts for this purpose.

Publicity Committee

Mr. Moran reported on his successful efforts in Coöperation with Better Business Bureau in having a Certain Loan Office Ad. taken out of newspaper until the misleading part of this Ad. was corrected. Members complimented Mr. Moran on this fine work.

Unfinished Business

Secretary stated our Attorney was not in favor of working through the Legislature to change the Chattel Mortgage Law, whereby a Chattel Mortgage could be filed instead of recording as done at present. Motion of Mr. Wood, not to attempt to change existing law, was seconded and carried.

Question of whether Contract made on Bank holiday was enforceable, Secretary stated Attorney Hinckley had advised it was enforceable.

New Business

Mr. Wood spoke on illness of Mr. John Cote and moved that Association send flowers at hospital. This motion duly seconded was carried.

On motion, Mr. Wood, seconded by Mr. Watts, applications of American Loan Company, Providence, American Loan Company, Woonsocket and Providence Guaranty Company, Providence, were approved, and they were duly elected as Members.

Secretary read a letter regarding question of Tri-State Meeting. Mr. Wood stated he could not see any constructive reason for a Tri-State Meeting, and his motion not to be represented, being seconded by Mr. Moran was carried.

Question of retaining our State Association Attorney for 1926 was put in form of a motion by Mr. Lewis, upon being seconded, carried.

It was agreed to get our 1926 Association Certificates from the same source as in former years and the secretary was instructed to communicate with W. S. Herron of Philadelphia, Pa., on this subject.

Motion of Mr. Wood, seconded by Mr. Lewis, a vigilance committee, to be appointed by chairman, was authorized.

Mr. Wood made a motion to give Chair power to appoint Committees when necessary, that are not provided for in the By-Laws was seconded and carried.

E. La Gueux, *Secretary.*

TENNESSEE

A meeting of Tennessee Industrial Lenders Association was held in the Gold Room of the Hotel Claridge, at Memphis, Tenn., at 1:00 o'clock, Wednesday, January 20, 1926.

Presiding Chairman, O. H. May, of Knoxville, Tenn.

Those present were: C. M. Rice, Personal Finance Company, Memphis, Tenn.; A. C. Christensen, Beneficial Operating Bureau, Philadelphia, Pa.; George S. Knapp, Memphis, Tenn.; Thomas B. Shriver, Jr., Nashville, Tenn.; P. A. Hodge, Personal Finance Company, Nashville, Tenn.; W. B. Richards, Richards Loan Company, Knoxville, Tenn.; O. H. May, O. H. May Co., Knoxville, Tenn.; George S. Child, Knoxville, Tenn.; C. G. Liggett, Beneficial Operating Bureau, Dayton, Ohio; Paul Appleby, Memphis Security Company, Memphis, Tenn.; John R. Walsh, Memphis Security Company, Memphis, Tenn.; G. B. Love, Personal Finance Company, Knoxville, Tenn.; H. C. Humphreys, Personal Finance Company, Chattanooga, Tenn.; T. E. Sloan, C. E. Beebe Security Dealer, Chattanooga, Tenn.; Arthur Rohm, Lincoln Loan Company, Memphis, Tenn.

Welcome address was delivered by C. G. Liggett, Beneficial Operating Bureau.

On motion of C. G. Liggett, seconded by Christensen, the Constitution and By-Laws were read and adopted.

Motion by G. B. Love, seconded by A. C. Christensen, Secretary was instructed to have 200 booklets of Constitution and By-Laws printed for distribution among the members. Carried.

Secretary Love brought to the attention of the members the necessity of each member making application for membership with the American Industrial Lenders Association. At this time Mr. Liggett explained to the members the dues with the National body. All members being in accord with remarks made, we feel that our members will make application for membership in due course.

Treasurer's report was read. On motion by Mr. Hodge, seconded by Mr. Humphrey, the report was approved and Treasurer Richards was commended for the thoroughness and accuracy of report. Carried.

Report of Treasurer:

January 20, 1926, Cash in bank...	$220.00
Disbursements	17.60
Balance on hand in bank	$202.40

Respectfully submitted,

Signed W. B. Richards, *Treasurer.*

Upon motion of Mr. Liggett, seconded by Mr. Rice, the chair was instructed to appoint an Auditing Committee. Carried. Chairman, appointed the undersigned Committee to audit books of Treasurer and found the bank balance, amounting to $202.40, as of January 20, 1926, to be true and correct with all receipts and disbursements verified to date.

Signed: O. H. May,
G. B. Love,
W. H. Brightwell,
Auditing Committee.

On motion by Mr. Humphrey, seconded by Mr. Appleby, Secretary Love was instructed to investigate Tennessee Statutes governing unrecorded chattel mortgages and report to next meeting.

On motion by Mr. Appleby, seconded by Mr. Love, it was voted to hold next meeting at Whittle Springs Hotel, Knoxville, Tennessee in July, date to be decided upon by Executive Committeed. Carried.

This concluded the business session.

Program

Mr. C. W. Rice of Personal Finance Company, Memphis, read a very interesting paper upon the subject of "Educating the Borrower to be Honest." Upon motion of Mr. Love, seconded by Mr. Hodge, it was ordered that a vote of thanks be tendered him and the article be printed in the Lenders News. Carried.

An interesting address upon the subject of losses was made by Mr. Paul Appleby of the Memphis Security Company. The discussion was very instructive and was favorably received. It was ordered that Mr. Appleby be tendered a vote of thanks.

ADDRESSES

Mr. Christensen of Beneficial Operating Bureau, addressed the meeting upon the necessity of having exchange Bureaus. His address was very favorably received and he was given a rising vote of thanks.

Mr. C. G. Liggett, of Beneficial Operating Bureau of New York, made a very interesting, forceful and instructive address upon the necessity of our business, pointing out several ways that could be used to educate the public to have a more friendly feeling toward our aims, and efforts. Among some of the ways mentioned by Mr. Liggett, were, fairness to your customer, no deception, require that contract be thoroughly explained and that customer be familiar with all details of payment dates and interest charges before he is allowed to sign instruments and receive the money on loan. Mr. Liggett's address was very favorably received and he was extended a rising vote of thanks by the convention.

Honorable George S. Child, of Knoxville, Tenn., made a very interesting report of condition and status of Tennessee privilege tax matter now pending before our Supreme Court.

Honorable Thomas A. Shriver of Nashville, Tenn., father of the Uniform Loan Law as passed by recent session of Legislature, was present and addressed our meeting. Mr. Shriver was extended a hearty vote of thanks for his untiring efforts in our behalf.

Honorable George S. Knapp made a number of interesting remarks appertaining to legal matters. On motion of Mr. Love, seconded by Mr. Rohm, a rising vote of thanks was tendered to him for the splendid sight-seeing trip, luncheon and entertainment for this meeting. Carried.

There being no further business, on motion properly made and seconded, the meeting adjourned.

Respectfully submitted,
G. B. LOVE, *Secretary.*

The annual dinner entertainment and dance was held in the Gold Room of the Hotel Claridge at 6:30 P. M. and was enjoyed by members, friends and guests, there being 100 present.

The speakers of the evening were: Hon. Percy McDonald, Memphis, Tenn., and Hon. George S. Knapp, Memphis, Tennessee. In addition, Toastmaster, C. G. Liggett, contributed his abundance of humor and wit and made a splendid impression on the members and guests present.

TEXAS

Copy of Solicitor's Memorandum which appeared in Internal Revenue Weekly Bulletin No. 52. Section 214 (a) 7 deductions allowed: Bad Debts. Article 151: Bad Debts. (Also Section 213 (a), Article 31.) IV-52-2518, S. M. 4591.

REVENUE ACT OF 1921

A taxpayer who lends money in Texas at usurious rates may claim as a bad debt only the difference between the amount loaned and the sum of the payments received as interest and the payments received on the principal.

He need not report as income any amounts received with reference to such debt as interest until the amount of money loaned had been returned to him. All payments received in excess of the amount loaned are income.

An opinion is requested as to whether certain losses sustained by A, a resident of Texas, during 1923 are allowable deductions. The taxpayer loans money at usurious rates (from 10 per cent to 15 per cent per month) and has claimed as a deduction the difference between the face value of the note and the amount which has been received as payment on the principal.

In one of the cases cited by the collector a loss was claimed where the taxpayer had received in interest in two years considerably more than the face of the note. In another case the taxpayer had received 9 dollars interest in two years on a 10 dollar note and claimed the entire amount of the note as a loss.

Under the laws of Texas, interest in excess of 10 per cent per annum is usurious. Article 4982 of the statutes provides:

> Art. 4982. *May recover double usurious interest paid.*—If usurious interest, as defined by the preceding articles, shall hereafter be received or collected upon any contract, either written or verbal, the person or persons paying same, or their legal representatives, may, by action of debt, instituted in any court of this State having jurisdiction thereof, in the county of the defendant's residence, or in the county where such usurious interest shall have been received or collected, or where said contract has been entered into, or where parties paying same reside when such contract was made, within two years after such payment, recover from the person, firm or corporation receiving the same double the amount of such usurious interest so received and collected. (Acts 1907, p. 277).

The courts of Texas in construing the provisions of the statutes relative to interest and usury have held that each payment made upon a contract affected with usury is a payment upon the principal, applied by law, notwithstanding it was paid and received as a payment of interest. (*International Building Association v. Biering,* 25 S. W., 622, 26 S. W. 39; *Cotton v. Thompson,* 159 S. W. 455.) The Courts have also held that payments on a usurious mortgage amounting to the face of the loan, however applied by the company, constitute payment in full. (*National Loan and Investment Co. v. Stone,* 46 S. W., 67.) In *Peoples Building, Loan and Savings Association v. Bessonette* (48 S. W., 52) it was held that since the part of the note providing for usurious interest is void the maker is not confined to his statutory right to recover double the interest paid but may apply such payment on the principal debt.

In view of the laws of Texas relative to usurious transactions and the decisions of the Texas courts, construing such statutes, it is the opinion of this office that a taxpayer in Texas who lends money at usurious rates may claim as a bad debt only the difference between the amount loaned and the sum of the payments received as interest and the payments received on the principal. Such amount is all that he can collect under the law and, therefore, all that he may claim as a bad debt under the provisions of section 214 (a) 7 and article 151, Regulations 62.

Inasmuch as the decisions of the Texas courts hold that each payment made upon a contract affected with usury is a payment upon the principal, applied by law, notwithstanding it was paid and received as a payment of interest, a taxpayer in Texas who lends money at usurious rates need not report as income any amounts received with reference to such debt until the amount of money loaned has been returned to him. All payments received in excess of the amount loaned are income.

A contract for interest at usurious rates is not illegal under the laws of Texas in the sense that it is criminal or violates some positive law and the penalty imposed by article 4982 is not incurred by merely contracting for such interest. The lender who receives or collects usurious interest lays himself liable to the penalty and in a suit to collect the principal the court would apply the usurious interest received against the principal sued for.

Since it is not illegal under the Texas statutes to lend money at usurious rates or to receive usurious interest, the taxpayer is not engaged in an illegal business. In view of this fact, Office Decision 1139 (C. B. 5, 84) does not apply, and any loss sustained in the manner prescribed above is deductible. Where the total payment made on the loan as interest and principal are equal to or in excess of the face of the loan no deductible loss is sustained.

A. W. GREGG,
Solicitor of Internal Revenue.

UTAH

A newspaper clipping from Salt Lake City which recently came to hand intimated that the Utah Small Loan Law had been modified in some particulars, and I therefore wrote to the State Bank Commissioner. His reply stated that there has been no change in the state law, but that on account of a joker in one of the last sections so-called money lenders were able to evade the provisions of the law by taking out a pawnbroker's license in Salt Lake City.

Through the efforts of the Attorney General, County Attorney for Salt Lake County, and the State Bank Commissioner, the City Attorney for Salt Lake City was induced to amend the city pawnbroking ordinance to exclude those engaged in the small loan business

I have acknowledged receipt of his information and congratulated him on the stand he has taken.

LEON HENDERSON,
Associate Director,
Department of Remedial Loans,
Russell Sage Foundation.

VIRGINIA

The "red star" day of the Virginia Industrial Lenders Association has come and passed. The business session began at ten o'clock in the morning and lasted until five-fifteen. The dinner began at six-thirty o'clock and with the dance lasted until twelve o'clock, with a big attendance, account of which will reach you in time for the next INDUSTRIAL LENDERS NEWS issued. Please hold open the front page if possible, and it will probably run on to the second or third page because there was something doing every minute. We had letters from all over the country.

The meeting approved of the State Chairmen Association proposal. Mr. Young and Mr. White of the Pennsylvania and West Virginia Associations were present. The address of welcome was given by Mr. W. H. Swartzchild, President of the Central National Bank, and representative of the Richmond Chamber of Commerce. The response in behalf of the State Association members was made by Mr. Virgil R. Goode of Richmond. Added to this was the introduction of Mr. Leon Henderson of the Russell Sage Foundation, all of which made a good start for the day's work. We will be sure to get a copy to you before the first of the month, of the speeches which we want published, together with the minutes.

The names of the officers elected are: Mr. L. E. Pope, Richmond, Virginia, Chairman; Mr. J. J. Price, Roanoke, Virginia, Vice-Chairman; Mr. Frank Bray, Norfolk, Virginia, Secretary; Mr. J. E. Burnett, Richmond, Virginia, Treasurer; Mr. E. P. East, Richmond, Virginia, Chairman of the Executive Committee, and also two extra elected to the Executive Committee.

You will, no doubt, receive a letter from Mr. Pope also.

The year has been a hard one as Chairman but I enjoyed it. We have not accomplished as much as I hoped to, but after the closing of the festivities last evening everybody declared it a great success, therefore, I owe great thanks to the other officers, committees and members for their wonderful coöperation, not only during the year, but during the last few weeks' preparation for yesterday and last evening. I also wish to thank the National Secretary for his coöperation for we received much encouragement from him. EDGAR P. EAST.

WEST VIRGINIA

The regular meeting of the West Virginia Industrial Lenders Association will be held in Charleston at the Hotel Ruffner, Thursday, March 18, 1926.

There will be a short business session at ten o'clock followed by a noon luncheon to members and guests.

The afternoon session will be opened with an address by J. H. Aufderheide, former National Chairman of the American Industrial Lenders Association. Mr. Aufderheide will give a synopsis on "Organization and progress of Industrial Lenders." The remainder of the session will be taken up with short talks and several interesting papers will be read by the different members.

This will be the first time in the history of this association to hold a banquet in connection with a business meeting and nothing is to be spared to put it across in good form.

The banquet will start promptly at seven thirty P. M. Immediately preceding the big feed, we are to enjoy an address from either Chas. G. Mueller or C. H. Watts, subject, "A Business Little Understood." Also State Banking Commissioner, Hon. H. A. Abbott will have something very interesting to talk to us about.

Promptly at ten thirty the floor will be cleared for dancing. Music will be furnished by "The West Virginians"—an organization which has been conceeded to be the best in the State.

If, in the rush, you fail to receive a formal invitation, we offer this one as a substitute: "EVERYBODY WELCOME, COME AND ENJOY THE SHOW," MEMBERS OF CAST, PUBLIC OFFICIALS, LADIES, GUESTS, and LENDERS.

Cordially yours,
WM. B. GRIMES,
Chairman Entertainment Committee.

THE BRITISH MONEY LENDERS' BILL

From *Charity Organization Quarterly,* January, 1926.

The Joint Select Committee on the Moneylenders Bill made its Report on July 29 and framed a fresh Bill. The Report is brief and contains no discussion of the evidence and no reasons for the proposed changes in the law. The evidence has recently been published. The Committee's Bill has now been amended in the House of Lords, where it passed its third reading on December 1. It is much to be hoped that the Bill will not be passed by the House of Commons in its present form.

The object of some of the provisions of the Bill appears to be to harass the moneylenders, whether he be a fair one or an unfair one. But moneylenders we shall have always with us, and they will be none the less harmful for being unnecessarily worried. Some borrowers go to them out of pure folly; others, of a humbler sort, in real distress. Whether fools or destitute, it is of no social value to penalize them. Yet when you harass the lender he will contrive to harden his terms to the borrower. For usury is of a secret nature and difficult to control by legislation. The most one can attempt is to let the ignorant borrower know precisely what he is doing, to prevent him from getting too deep into the mire, to check lending on false pretenses, and to hinder misuse of the Courts.

Take the proposed excise duty. A moneylender has now to pay a fee of £1 every three years for his registration, however many places of business he may have. The Bill requires him to take out an excise license at an annual fee of £15 for each of his places of business. This amount may be a mere trifle to the moneylender who deals in large sums. To the small moneylender in the back street, who was not represented among the witnesses before the Select Committee, the fee will be a serious consideration. She (for it is believed to be generally a woman) will extract it from the borrowers and they will thereby tend to become entangled worse than ever. Or, in the alternative, she will do without a license. Strangely enough, she is often regarded as a benefactor by her oppressed clients. She will warn them not to give her away. The risk of detection is small. Without a license she cannot go to Court, but she seldom wants to do that, and her borrowers are not of the sort that would take advantage of the weakness of her legal position. Whatever happens, she will continue to do her business. It is too firmly established to be killed by a fee. However, it would appear from the evidence before the Select Committee that moneylenders of the class who have offices of their own would welcome an increase in the fee. It might be increased for those moneylenders who wish to lend more than £10 to any one person in any month.

Again, under the Bill a license may be refused to an applicant who fails to produce to a petty sessional Court satisfactory evidence of good character. What will be the result of this except to give the moneylender a little extra trouble? He would normally have no difficulty in persuading someone to testify that he is "of good character." It is not because he is not what is ordinarily considered "of good character" that he is troublesome. The Select Committee here is perhaps influenced by the analogy of pawnbrokers, in whose case enquiry into character is necessary in order to keep out receivers of stolen property. But would-be moneylenders are not criminals.

The other proposed disqualifications for obtaining a certificate are reasonable, e. g., conviction of an offence under the Moneylenders Acts. These restrictions, however, might be enforced under the present system of registration without sending the applicant to a Court for a certificate. There is much to be said for a suggestion made by Truth that a finding by a Court that a moneylender's transaction is harsh and unconscionable should also disqualify him.

Incidentally, the Courts would have a considerable addition to their work under the proposed scheme, as is indicated by the fact that there are, at a modest estimate, 4,000 registered moneylenders in the County of London alone.

Apart from all this, it would be somewhat unfortunate to dignify with a license from the State an occupation which is at present ostracized.

The provisions in the Bill about bankruptcy proceedings are not a mere harassing but a serious attempt to put an end to lending to persons in an unsound financial position who are of sufficient standing to be made bankrupt. The Bill provides that for the purpose of bankruptcy proceedings a debt due to a moneylender shall be deemed to include only the amount lent together with interest at 5 per cent per annum, and that not until all the debts proved in the estate have been paid in full shall the moneylender receive the higher rate of interest to which he may be entitled. The importance of bankruptcy proceedings to moneylenders is apparent from the evidence given before the Select Committee by an Official Receiver in Bankruptcy to the effect that 30 to 35 per cent of the Receiving Orders in his Division for the first five months of 1925 were made on the petitions of moneylenders. Under the proposed law the moneylender would have to be extremely careful about lending without security.

Another blow dealt at the big moneylender is less important. It is in the clause which makes it illegal to issue circulars about moneylending or to advertise about the business in a newspaper except only what amounts to little more than the name and address of the moneylender. Surely there is a certain lack of sense of proportion in this proposal to create a new offence and at the same time to put the moneylender on a level with the barrister and doctor who may not advertise. There are other advertisements which cause more widespread harm and waste. Under the existing law a moneylender is already subject to penalty if he writes to an infant or if he by any false or misleading statement fraudulently attempts to induce anyone to borrow money. That ought to be sufficient. What we need to avoid is driving the moneylender underground. The more he is compelled to work in the dark, the more troublesome he is likely to be. It is interesting to learn from the evidence that it is mainly the London moneylenders who rely on circulars for getting business.

However, the law about bankruptcy and circulars affects only the big men, and will not in practice apply to the more numerous class of small money lenders who lend to the poor, who are not made bankrupt, and who find their usurers without any circulars.

It is satisfactory that the Committee has failed to succumb to the demand for a legal limitation of the rate of interest. This, when attempted, has always been evaded and has led to reprehensible subterfuges. The Bill, however, provides that interest exceeding 48 per cent. per annum shall, unless the contrary is proved, be presumed by the Courts to be harsh and unconscionable.

It is satisfactory also that the Bill now evinces an intention to remove the ambiguity in the term "rate of interest." It is provided that when a loan is repayable by installments every installment shall, for the purpose of calculating the rate of interest, be considered to be made up of principal and interest in the proportion that the sum actually lent bears to the difference between that sum and the total amount to be paid to the lender. This is based on the suggestion made by the Government Actuary in his evidence. Unfortunately we are there left in the air and the good intention is unfulfilled. The Bill should go on to a complete adoption of the Government Actuary's suggestion and should add that the above-mentioned difference shall, for the purpose in view, be considered to be the interest for the period of the loan on the average amount of principal outstanding from day to day. Some illustrative examples should be set out in a schedule. This method of calculating the rate of interest is admittedly not an exact one. It breaks down when a loan is large or extends over a long period. The Bill should prescribe the requisite restrictions on the application of the method.

Having prescribed a method of calculating the rate of interest, the Bill might well go on to require that whenever a money lender states the terms of a loan which he grants or is prepared to grant he shall state also what is the rate of interest according to that method in cases to which it applies. Though it is true that most borrowers concern themselves only with the amount they have to repay and not with a theoretical rate of interest, yet some of them would like to have the information. To require the information to be always given would enable a closer comparison to be made between the terms offered by different money lenders than is possible at present, and, by thus facilitating competition among them, might tend to check the taking of unduly high rates of interest.

In view of the fact that many ignorant borrowers do not know how they stand with regard to a loan which they are repaying, the provision of the Bill that a money lender must, on demand, at any time supply the borrower with information as to the state of the loan is excellent, though the proposed charge of one shilling for this service is too high. It should also be laid down, as has been proposed by the Liverpool Women Citizens' Association which has specially investigated money lending among the poor, that the terms of a loan shall be given in writing to the borrower free of charge at the time when the money is lent. There should also be a written receipt for every payment made by the borrower. In the back streets transactions are now sometimes entirely oral, and the opportunities for fraud are obvious.

The Bill requires that when a money lender gives information as to the state of a loan during its currency he shall show inter alia "the amount of the interest accrued, due and unpaid." He is not told how to calculate this amount, and requires guidance here just as he does in order to enable him to calculate the rate of interest. The Bill is defective on this point.

There is a certain highly objectionable kind of penalty for default which the Bill attempts to abolish. According to a prevalent form of contract, when £10 is lent on condition that £12 is repaid in twelve monthly installments of £1, the borrower undertakes that if he is late with an installment he immediately becomes liable to pay £12 less what he has already paid. This means that he might have to pay £2 for just over a month's use of £10. To prevent such unfair contracts there is a clause in the Bill providing that when a loan is repayable by installments and the borrower is late with an installment the money lender cannot recover any more than the amount actually lent together with interest thereon up to the date of payment "at the rate properly chargeable." The latter phrase is obviously too vague to be allowed to stand as it is. Even when the phrase is properly amended the clause will still be open to the objection that it will lead the money lender to induce the borrower to substitute for the contract a fresh one for the outstanding amount, with the result that he will be in the money lender's hands for longer than he intended. Another objection is that the clause leaves out of account a useful and fair method which is also now customary, viz., that when the borrower is late with an installment he shall simply pay penal interest on the amount overdue. This method has the advantage of saving him from being called upon to pay suddenly a comparatively large sum, and at the same time provides a means of keeping him up to the mark. But this penal interest ought to be moderate, whereas in practice it is excessively big.

A burden is placed on the borrower in the provision that no proceedings shall lie for the recovery of a loan of less than £3. The intention evidently is to stop the borrowing of a smaller sum than £3. This restriction can, of course, be easily evaded in practice by nominally borrowing £3, and then repaying the next day such part of the amount that is not wanted. But the borrower who wants a smaller sum than £3 will not rise to this, and the money lender is not likely to show him the way. A man, for instance, may be in desperate need of £1, with no resource but the money lender, but may want to involve himself as little as possible. The money lender will tell him that under the law he must borrow £3. He is likely to comply. It may make all the difference between a mere temporary loan and an indefinite entanglement. If he can succeed in finding a money lender who will, in spite of the irrecoverability, advance him only £1, the terms will naturally be specially onerous. It may be a secret affair, a loan taken by a woman without her husband's knowledge, with the money lender extorting his claims by means of a threat of exposure.

This instance of the borrower wife is not an uncommon one. In fact, there is much to be said for the adoption of the suggestion which has been made by a solicitor with wide experience in the East of London who proposes that it should be a criminal offence for a money lender to lend money at interest to a married woman without her husband's consent.

It should be definitely provided in the Bill that a transaction with an unregistered (or unlicensed) money lender shall be void. It is true that the Courts have hitherto held that an unregistered money lender cannot succeed in a suit. But the point has not been quite free from doubt. The present Bill provides that a money lender's transaction brought about by the sending of a circular shall be void, and it is desirable that the same disqualification shall be specifically applied to him if he carries on his business without legal authority.

The Bill is, curiously, badly drafted in many respects. A few instances can be given. Thus, in one sentence the Bill promises to refer to the proposed license as a "money lender's excise license," and in the very next sentence refers to the license by two other phrases, neither of which is in accordance with the promise. The Bill, while it provides that if a money lender charges for "expenses" the amount shall be set off against the principal, fails to repeal the words in the existing Act which enables a Court to allow what is fairly due for expenses. There is mention of a rate of 4 per cent. per month "or the corresponding rate in respect of any other period"; of course the latter phrase is worse than superfluous.

B. W. KISSAN.

BALTIMORE ASSOCIATION OF COMMERCE HONORS DR. MUELLER

Dr. Charles G. Mueller, President of the Community Finance Service, Inc., with headquarters in Philadelphia, and branches in most of the important American cities, has been notified of his appointment as a member of the Committee on Industrial Financing of Small Loans, by the Executive Secretary, A. S. Goldsborough, of the Baltimore Association of Commerce. Dr. Mueller has been asked to initiate or suggest some ideas or activities for this committee to undertake which will be useful to some special line of business, or to business in general, or which will be advantageous to the community at large. Knowing something of Dr. Mueller's fertile brain and dynamic energy, we may expect things to happen on this committee during the coming year.

NEW MEMBERS

Add the following to your 1925 Year Book directory:

Hamilton Loan Co., 160 Market St., Paterson, N. J.

Bratt Loan Co., 160 N. LaSalle St., Chicago, Ill.

Commercial Service & Credit Co., 129 W. Saratoga St., Baltimore, Md.

Bergen County Loan Association, 191 Main St., Hackensack, N. J.

Newark Cash Credit Co., 902 Chapel St., New Haven, Conn.

Carl G. Hubbell, 512 Sunbury Trust Bldg., Sunbury, Pa.

Globe Loan Co., 210 Frankel Bldg., Des Moines, Ia.

Battle Creek Loan Co., 311 Ward Bldg., Battle Creek, Mich.
People's Loan & Investment Co., 23 E. Washington St., Phoenix, Ariz.
Guarantee Loan Co., 1145 Griswold St., Detroit, Mich.
Personal Finance Co., 552 Massachusetts Ave., Cambridge, Mass.
Centreville Finance Co., 473 Broadway, Bayonne, N. J.
Popular Finance Corporation, 1529 Chestnut St., Philadelphia, Pa.
American Loan Co., 1414 Eleventh Ave., Altoona, Pa.
Fidelity Money Loan Co., 22 S. 52d St., Philadelphia, Pa.

ANOTHER DECISION AGAINST THE SALARY BUYERS

Brief statement of case of G. M. Davis vs. Trout Investment Company tried Jan. 14-15, 1926, before Judge E. D. Thomas and a jury in Superior Court of Fulton County, Ga.

This case was filed in November 1924. It was a petition seeking an injunction against the defendant because he had charged the plaintiff 20% per month interest on a loan of $20.00. The plaintiff testified that he borrowed $20.00 from the defendant on or about Aug. 1, 1924, and paid him the sum of $1.00 per week for four weeks; that the defendant was threatening to turn the salary assignment he had given the defendant to secure said loan over to plaintiff's employer, thereby causing him to lose his position, and plaintiff asked the court to prevent defendant from doing this or from filing suit on said assignment.

The defendant filed a cross bill in which he claimed he bought $20.00 worth of plaintiff's salary with his employer Georgia Railway & Power Company, and that it was a sale and not a loan. On cross-examination the defendant testified that he did not post the $500.00 bond as required under the acts of 1904 as codified in Section 3449 of the Code of Georgia.

Counsel for the plantiff then moved the court to grant a nonsuit against the defendant's cross bill, but before this motion was passed upon by the court (which motion the court was most surely going to grant) counsel for defendant voluntarily dismissed his cross bill. Counsel for defendant then moved the court to grant a nonsuit against plantiff's main petition but instead of granting said last mentioned motion the court directed the jury to return the following verdict "We, the jury find for the plaintiff the relief sought." A judgment was then rendered by the court making the temporary injunction previously granted in said case permanent and also a judgment against the defendant for the costs of said case.

Joseph D. Lewis represented the plaintiff (G. M. Davis).

T. J. Ripley represented the defendant (Trout Investment Company).

WHY CONNECTICUT, INDIANA AND MISSOURI BONDS COST MORE

We thought you would be interested in the enclosed correspondence, especially the letter of the Towner Rating Bureau, New York of January 13 which gives a very clear-cut picture of their point of view with respect to certain types of lenders bonds.

It would seem to us that in drafting the uniform small loan law in future, care should be exercised that only the proper description of the risk or hazard to be undertaken by a bonding company should be set up. We think it would be all right for you to use any or all of their letter in the NEWS or possibly it might be better to advise Mr. Henderson of the Sage Foundation of it so in drafting laws, the proper phraseology may be used to avoid a condition such as confronts us in Connecticut and Indiana.

CHARLES H. WATTS.

New York City,
January 13, 1926.

Charles H. Watts, Esq.,
President, Beneficial Operating Bureau,
135 Broadway, New York.

Dear Sir:

Failure to answer your letter of December 11th last was due to the fact that Mr. Towner has been out of the office a great deal attending meetings and hearings and was unable to give your letter the personal attention that he desired and, in his absence, I am taking the liberty of writing you on the subject.

Licensed Money Lenders have invariably been rated by this Bureau at $5.00 per thousand per annum, minimum $5.00, but in a few cases a higher rate has been advised. In Indiana the rate was increased from $5.00 per thousand to $10.00 per thousand because the Statute requires a new bond each year thereby creating "cumulative liability." In Connecticut the rate is likewise $10.00 per thousand because the bond required by the Connecticut Statute gives third parties "a direct right of action." The Connecticut bond is only $1,000 so the premium is $10.00 But in Missouri a bond of $2,000 is required and this bond likewise gives third parties "a direct right of action," but because of the larger bond the rate charged in that State is $7.50 per thousand per annum.

With the exception of these three States the $5.00 rate is applied. If the Indiana Statutes are changed so that a new bond is not required each year, with result that the surety will not be exposed to "cumulative liability" we can meet that situation by advising the same rate as charged elsewhere for a similar form of bond. "Cumulative liability" imposes upon the surety company a doubling of liability, which very naturally requires an increased premium for the increased hazard.

Yours very truly,
MARTIN W. LEWIS,
Asst. Mgr.

1925 YEAR BOOK COMMENTS

Among the persons and institutions acknowledging the receipt of the 1925 Year Book which was mailed in December, we find the following comments:

"I have not had an opportunity to read it all through, but it is extremely interesting, and I am looking forward to a chance to get at it."—JOHN S. BRADWAY, *Secretary of The National Association of Legal Aid Organizations, Philadelphia.*

"This book is a very interesting and useful one to me, and I highly appreciate same."—JAMES A. LYONS, *Manager of the Guarantee Loan Company, Philadelphia.*

"I wish to acknowledge with thanks the two copies of the Year Book you sent me. I am examining them with considerable interest and realize that they will be extremely valuable to me. I think congratulations are in order on the attractive appearance of the book and the dignified way in which the material is presented. I hope it will have wide distribution."—LEON HENDERSON, *Associate Director, Department of Remedial Loans, Russell Sage Foundation, New York City.*

"I have not had time to more than just glance through it, but it looks good to me. I know it represents considerable arduous work on your part. I want you to know that I appreciate your interest and enthusiasm and thank you on behalf of my associates and myself for all the good work you have and are doing in behalf of the small loan business generally."—L. C. HARBISON, *Chicago, Ill.*

"I again wish to thank you for the complimentary edition of the Year Book of the American Association for 1925. I believe it is without a doubt the best the association has ever published.

"After glancing through it one cannot help but be impressed with the important position that the association is taking in the national financial activities of the country, and when we stop and consider that only a few short years ago the first uniform law was introduced many felt that it spelled finis for the majority of those then engaged in the business, yet the Year Book for 1925 portrays a concrete example of what can be and has been accomplished through square dealing.

"Passing on through the book to the reports of the various committees; the experiences of some of the field men; the hardest collections, etc., one is obliged to pause and ponder how so much real meat and constructive matter can be included within its 137 pages. It is indeed a real digest of the activities combined with a sort of informal experience meeting and cannot help but be of very material benefit to either the man who is now actively engaged or ever has been in any way identified with the business and I can frankly say that the courtesy copies that I receive from year to year are read from cover to cover with interest and profit to myself.

"At this time permit me to extend to you, the members of the American Association and to any of our old friends in Harrisburg with whom you may come in contact the season's best wishes."—*W.* HALL CROWELL, *Los Angeles, Calif.*

"I have received and read the 1925 Year Book. Please accept my gratitude for your kindness in sending me the volume. Your convention at Providence must have been admirable and I am sorry that my attendance at the American Bar Association Meeting in Detroit prevented my being one of the audience during your instructive sessions."

REGINALD HEBER SMITH.
Boston, Mass.

Grateful acknowledgements are received from the following institutions: Bridgeport Public Library, Bridgeport, Conn.; New York Public Library, New York City; Princeton University Library, Princeton, N. J.; Enoch Pratt

Free Library, Baltimore, Md.; St. Louis Public Library, St. Louis, Mo.; The Chicago Public Library, Chicago, Ill.; The John Crerar Library, Chicago, Ill.; Carleton College Library, Northfield, Minn.; The Smithsonian Institution, Washington, D. C.; Providence Public Library, Providence, R. I.; Free Public Library of Newark, New Jersey; Connecticut State Library, Hartford, Conn.; Los Angeles Public Library, Los Angeles, Calif.—*The Public Library of the City of Boston, The Free Library of Philadelphia, Wisconsin Free Library Commission, Library of Congress.*

COPY OF BACK COVER PAGE AD IN "THE CITY BUILDER." ATLANTA, GA., DEC., 1925

The need to borrow money cannot be abolished by any law, so should be regulated by law for the welfare of the state and the protection of necessitous borrowers of good character and industry.

The reason for nearly all loans is to finance emergencies growing out of family life, such as births, marriages, illness, deaths, coal, clothing, interest, taxes, insurance, etc.

The members of the Georgia Industrial Lenders Association do not compete with banks. Banks do not care to make risky small loans repayable in installments.

The members of this association are men of high character and the business is under the supervision of the banking department of Georgia.

When friends and employees need financial help in sums of $10 to $300 send them to us.

A Mark of Distinction

GEORGIA INDUSTRIAL LENDERS ASSOCIATION

A Friendly Help to Honest Folk

Under Supervision of the State Banking Department

You may safely negotiate with the following companies:

City Investment Co., 517 Atlanta Trust Bldg.; American Loan Co., 406 Peters Bldg.; Southern Security Co., 204 Atlanta Nat. Bank Bldg.; The Master Loan Service, Inc., 212 Healey Bldg.; Seaboard Security Co., 250 Peachtree Arcade; Fulton Industrial Corp., 1113 Atlanta Nat. Bank Bldg.; Beneficial Loan Society, 228 Candler Bldg.; Citizens Loan Co., 301 Peters Bldg.; United Small Loan Corp., 30 Peachtree Arcade; Security Investment Co., 201 Peters Bldg.; Southland Loan & Investment Co., 205-A Forsyth Building.

JAMES R. BARTOL

James R. Bartol, who installed the Community Discount System in more than fifty cities and towns of Pennsylvania, and many similar agencies elsewhere, died at his home in Richmond, Va., yesterday. George A. Shreiner, president of the Community Discount Company, North Second street, this city, was advised of Mr. Bartol's death today. Mr. Bartol established the Harrisburg agency of the Community Discount Company and was a frequent visitor to this city. He was here about ten days ago. Surviving him are his widow and several children.—*Harrisburg Telegraph, Jan. 5, 1926.*

LENDERS' SOCIETY IN SESSION HERE

Delegates From All Parts of State Attending—Buchman Presiding

Representatives of the Industrial Lenders' Association came to this city from various parts of the State today for the regular quarterly meeting of the organization. The local branch of the association has prepared to make the visitors' stay a pleasant one, and a varied program has been arranged. Vernon L. Buchman, of the Trenton organization, is chairman of the meeting.

A reception committee welcomed the visiting delegations when they arrived at the Clinton Street Station at 10:30 o'clock. The delegates then were taken on a bus tour of historical points and other interesting places in the city. With the coöperation of the Chamber of Commerce, arrangements have been made for a visit to the Lenox Pottery, where the delegates will be taken through the plant.

The Chamber of Commerce has arranged to provide the visitors with pamphlets and other descriptive matter pertaining to Trenton and the interesting features of the city.

Luncheon was served at Hillwood Inn at 1 o'clock, followed by the business meeting, which will close the day's activities.—*Trenton Evening Times, Jan. 21, 1926.*

COOLIDGE SEES VIRTUES IN INSTALLMENT PLAN

System Preferable to "Running Up" Dangerous Bill at Store, He Says

WASHINGTON, Jan. 12 (A. P.).—The present-day vogue of buying everything from baking pans to bungalows on the installment plan appeals to President Coolidge as having some advantages at least over the old practice of "running up a bill at the store," and "perhaps never paying it at all."

The President told callers today that as a boy in Vermont he often watched with concern the process by which some of his neighbors had their purchases chalked up until the totals reached dangerous proportions. He considers a definite obligation to pay at stated intervals far preferable to the old way, and does not take much stock in assertions that widespread installment plan sales are endangering the country's prosperity, so long as the practice does not go too far.

EUROPEAN COLLECTIONS

You may have heard of C. R. de Min, now at 179 Fulton Street, The Hague, Holland, as being a little fellow who collected about a dozen accounts that were doubled up on Philadelphia lenders, where the borrower had escaped to Holland or Germany.

Mr. de Min, as you will note, is still in Europe, and we want to have you run a little news note in the next issue of the NEWS, saying to anyone that Mr. de Min will absolutely collect accounts for a reasonable charge, or do any work of any kind associated with the collection of accounts, in an honest manner and his charges will be reasonable. We recommend him very highly, and our only thought in passing this on to you is that he might be of service to some of our members who may have skips over the water.

CHARLES H. WATTS.

HELD AS LOAN SWINDLER

Morris Plan Borrower Said to Have Obtained $5,160 in Year

On complaint of officials of the Morris Plan that he had swindled the loan concern out of $5,160 in a year by giving fictitious names and addresses when taking out loans, Morris Rosenfeld, 31 years old, of 14 West 118th Street, was held in $2,500 bail, charged with grand larceny, by Magistrate August W. Glatzmayer in Morrisania Court yesterday. He will have a further hearing today.

Rosenfeld was arrested on Saturday in the Morris Plan branch at 391 East 149th Street, the Bronx, where he was trying to get a $400 loan. According to the police, a search of his apartment revealed three other applications on different branches for $500 each.

Rosenfeld, according to the complaint, gave a fictitious name and address when applying for the loan, and then gave fictitious names at the same address for references. Then, according to the charge, he would arrange to get the mail at that address and would furnish his own references.—*New York Times, Jan. 4, 1926.*

JUDGE HITS LIENS

Must Investigate Before Making Loans on Autos.

CINCINNATI, O., Dec. 16.—Mortgage liens on any vehicle or vessel subsequently seized under the federal prohibition act, based on loans made without a previous investigation into the responsibility, moral and financial, of the persons seeking the loan can not be recovered.

This, in effect, is the ruling handed down yesterday by Federal Judge Smith Hickenlooper here in the dismissal of a number of intervening petitions filed by mortgagees setting up mortgage liens on automobiles seized in liquor transportation cases.—*Columbus Citizen, Dec. 18, 1926.*

PENNSYLVANIA

The next regional meeting of the Pennsylvania Association will be held at Hotel Sterling, Wilkes-Barre, at 10 a. m., Feb. 25. Speaker, Hon. E. Foster Heller, Judge of the Orphans' Court. Papers by H. C. Curry, American Loan Co., Scranton, and William V. Cawley, Community Finance Service, Wilkes-Barre.

WANTED: LOAN MANAGERS AND ASSISTANTS

Middle aged men (married preferred) with Chattel or Salary Loan experience, capable of managing a Chattel or Salary Loan office, with company operating a chain of offices. Permanent position and attractive wages.

Address, confidentially, giving full details, experience, etc., L. A. Wagner, 306 Caswell Block, Milwaukee, Wisconsin.

SITUATION WANTED

Experienced Manager seeks a connection. State location. Box 778 NEWS, Harrisburg, Pa.

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 9. MARCH, 1926. Price, $1.00 a year.

THE LIBRARY OF THE MAR 16 1926 UNIVERSITY OF ILLINOIS

MEETING SCHEDULE

WEST VIRGINIA — Charleston, Thursday, March 18, Hotel Ruffner.

CONNECTICUT—New Haven, March 24, Hotel Taft.

VIRGINIA—Roanoke, March 25.

NEW JERSEY—Newark, March 26, Robert Treat Hotel.

MICHIGAN—Saginaw, April 15.

INDIANA—Indianapolis, Claypool Hotel, May 19 and 20.

TENNESSEE—Whittle Springs Hotel, Knoxville, July —.

SERVICE

The issue for the month of February is certainly crammed full of good things. News of the progress made in the different State Associations. I read with much interest the account of the Georgia Industrial Lenders' meeting on January 12th. Judge L. F. McClelland certainly qualified as a pinch hitter, fattening his batting average with a safety to right field on Florida and a hit to left on Prohibition, then made a home run on Evolution. Even though he admits he was not informed in advance, he covered well.

The Loan Manager in his duties many times finds himself facing the borrower in much the same position as Judge McClelland faced the Georgia meeting, except that he cannot meet his audience with a story or a statement of facts, but is in most cases called to render a *service* in addition to finding a way to relieve the borrowers' present need of money.

Much has been said and written about educating the borrower. This is good. He can be diplomatically criticized on some of the things he has done and coached on the things he can do to improve his credit standing. He can be instructed about office hours. You can point out on the calendar the date the first payment is due. He can be told what he should do if he makes up his mind or is forced to move. He can be told that prompt payments makes a desirable borrower and many other things, but I think the average loan manager is losing one of the most effective branches of his business, *service.*

The United States Chamber of Commerce has sent forth fifteen rules for business conduct. In seven of these fifteen rules the word *"service"* or *"services"* appears. I feel that the loan manager should take an interest in his customer. Invite him to bring his financial troubles to the office. Explain to him what he should do in case of sickness or during periods of non-payment. Suggestions can be made as to how the borrower might obtain a better paying position. Caution them with the dangers or obstacles they will possibly have to encounter in going into business for themselves if leaving a fairly good paying regular position, just because some unprincipled salesman has tried to make them believe they can make much better money in a restaurant or confectionery, just because the salesman wants the commission for putting over the deal.

My experience has always been that I would prefer dealing with a man who had a regular monthly income, even though it was not the best position in the world, in preference to a man who is trying to get in business for himself, particularly where he has had little or no experience in dealing with the public, and no knowledge at all of the business he anticipates taking over.

In fact there is no limit to the *service* an experienced loan manager can extend to his borrowers, and to coach them to bring their troubles to the office gives the loan manager an opportunity of first protecting his investment and the security back of it. The manager who has been in business for three or four years will be able to make many helpful suggestions by the experience gained from the thousands of people with whom he deals.

To have the borrower come to you in case of a garnishee or that he has run into some other party's machine and damaged it, or a furniture company is about to repossess a part of his furniture because of non-payment, while the purchaser thinks the goods were not as represented, or any other disagreement regarding his chattels or income, the loan manager has the opportunity of reviewing the case briefly and if it would appear that the borrower was liable or at fault, which in about sixty-five per cent of the cases the defendant is guilty, by a slight increase of the loan or a suggestion to approach the party who thinks they have been injured, adjustments can ofttimes be arranged which would save time and court costs.

Use and follow up the word *"service"* whenever you have an opportunity for to-day almost every line of endeavor is advertising a special service of some kind, and the industrial loan business offers more opportunities to extend personal service than any other line of business that the public deals with outside of possibly the banks.

This form of service takes a little time to be sure, but brings its reward by way of the satisfied borrower sending others to your office. Time thus spent could easily be charged to advertising, if it were necessary to make an allowance for it.

AN OLD TIMER.

THE SPIRIT OF SERVICE

The service policies of a corporation are not founded solely upon some occurrence which may have happened in the past. A service policy may be roughly defined as a plan of procedure and a definite attitude toward the public which permits its business to be carried on with the least friction, and thereby acquires the greatest degree of public good will.

To formulate a workable service policy, to define the ethical relationship between service staffs and customers, and to fully and properly realize the duty it owes the public, is a primary duty of the chief executives of any corporation which is dependent upon public support for its growth and prosperity. It requires, in the executive controlling the corporation, a vision of future needs of the corporation as well as future wants of the customers.

That this vision of service has long been a factor in the loan business is so obvious, that the business of to-day and that of ten years ago presents no grounds for comparison. It is not a comparison, it is a contrast.

Old-time loan men, if they reflect upon the vicissitudes of the business since they joined it, will have long since mentally noted these changes:

From haggle and barter—to a uniform fixed charge.

From tricks of trade—to open square dealings.

From the customer beware—to the customer be satisfied.

From the old-time bawler-out—to courteous indirect collection methods.

From the uncertain terms of contract—to recognized, definite, fully explained contracts.

From misleading advertising—to truth in advertising.

From dingy, dark "confidential offices"—to light, airy, bank-light offices.

From the position of a public but necessary evil to a recognized influence for public good.

The loan business occupies a financial field that is unique in that it caters to a class of credit which, in the bank sense, is not credit at all but constitutes a mere credit risk.

Necessarily, the loan men for many years have been in contact with people whose entire lives are hemmed in and circumscribed by debt, whose children are raised under conditions that do not tend toward a full realization of proper standards of American citizenship, and whose financial affairs sometimes attain such complexity that an otherwise upright person will think his course futile

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NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 605 Colonial Trust Bldg., Philadelphia.
Treasurer, C. H. Watts, 135 Broadway, New York City.
Secretary, G. W. Kehr, 204 Chestnut St., Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.
Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.
Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.
Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.
Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.
Me.—W. M. Snow, 465 Congress St., Portland.
Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.
Mass.—H. J. Desormaux, 96 William St., New Bedford.
Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.
N. H.—F. A. Brodeur, 999 Elm St., Manchester.
N. J.—P. L. Alberse, Romaine Bldg., Paterson,
Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.
Pa.—W. Young, 220 S. 16th St., Philadelphia.
R. I.—G. E. Rich, 26 High St., Pawtucket.
Tenn.—O. H. May, 201 Day Bldg., Knoxville.
Va.—L. E. Pope, 206 E. Grace St., Richmond.
W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.
Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.
Finance, W. P. Woll, 360 N. Michigan Ave.
Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.
Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.
Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.
Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.
Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.
Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.
Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.
Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.
Me.—H. S. Crosby, 163 Main St., Lewiston.
Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.
Mass.—C. C. Rock, 209 Tremont Bldg., Boston.
Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.
N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.
N. J.—W. P. Hansche, 502 Wiss Bldg., Newark.
Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.
Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.
R. I.—E. La Gueux, 76 Dorrance St., Providence.
Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.
Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

and hopeless, and will voluntarily sacrifice his reputation, his friends, and his credit in order to avail himself for a time of money, credit, or merchandise, which he knows that he has not the ability to repay.

It is only natural, therefore, that with a new conception of duty to the public, and a new conception of what loan service may become, that the public would react favorably to the new loan business. The passage of the Uniform Small Loan Law, the strict policing of the business by National and State Associations, the abolition of dark, cramped, cubby-holes for offices, and substituting for the old-time bawler-out of the modern, courteous, tenacious, ingenuous, assistant manager or investigator, have all played their part in the moulding of public opinion and the formation of a new type of public service.

It has not been so long since the loan man who tried to find out why his customer needed a loan, was considered to be asking an impertinent question. It was none of his business why the loan was wanted. All he had to know was whether or not he could collect the money. Times have changed. With the modern conception of public service, the almost universal budgeting of customers in one form or another, loan managers have developed an intimacy of relationship with their customers' affairs, and a friendliness of feeling and of spirit that was totally unknown a few years ago.

The modern loan manager, with his budget, founds his service policy on the belief *that only by getting the customer out of debt can he hope to make a good customer of him.* Paradoxical as it may seem, a good customer is one who makes one or two loans and then has no further need for loan service. Instead of becoming a constant contributor of principal and interest, he recommends a relation or a friend, and an endless chain of good-will is built up. Instead of one debt-ridden, unfriendly, contentious customer, the modern loan manager has a friend who is willing and anxious to recommend his service to all of his friends and relations who may be in need of it. Each of these new customers who pass through the loan office credit mill and emerge financially solvent, educated in the handling of their own personal finances, and with the added confidence that comes only with the assurance of established credit in time of unexpected and possibly dire need, is a living advertisement for the loan manager who has built him up and taught him the things which every man must know and practice in order to hold a proper position in the community. In order to amplify this constructive service, and to make it available for persons who would not ordinarily come within its credit scope, many loan managers prefer to build up their rejected customer voluntarily and without charge, knowing that the small time and effort involved will result in the establishment of a firm friendship, and, eventually, in the making of a loan that will supervise itself voluntarily and without friction, and will advertise the loan manager's helpfulness, his fairness, and his service policy. Here again, the budget service plan comes into play, makes a customer, a friend, and an advertisement that redounds to the credit of the financial factor—the Loan Man. In addition, the various chain organizations are attempting to so locate their offices that the public may be served promptly and without undue travel or loss of customer's time as well as loss of time or effort on the part of the loan staff. This attitude is reflected in the establishment of more and smaller offices, rather than the concentration of capital in a lesser number of large offices.

It may be argued that the larger office, running in oil, would draw as much trade as two small offices, and at less expense.

Men with true visions, however, know that the race is not always to the swift. The winner will be the man who serves the public surely, faithfully, and efficiently, in all ways, and who makes it as easy as possible for the customer to repay money, as well as to borrow it.

This is service. Whenever a loan man's conception of his duty to his customers allows him to embrace this creed of service as his own, and perform it so automatically that it never occurs to him that he is doing an unusual thing, then will the loan business have risen to a higher plane, and its position as a financial field for public service not covered by any other type of invested capital be fully recognized. The day of quibbling about legislative matters, or fractions of interest percentage to be charged, of collection methods, and of coöperation of various chain-loan organizations and the individuals employed by them, will be a thing of the past.

Coöperation among loan men, friendliness on the part of the borrowing public, recognition on the part of the law makers and law enforcers, and a sure, adequate return on invested capital, will be the accepted condition, and not the unusual as it is to-day.

Base your service on the Vision:

From haggle and barter—to a uniform fixed charge.

From tricks of trade—to open square dealings.

From the customer beware—to the customer be satisfied.

From the old-time bawler-out—to courteous indirect collection methods.

From the uncertain terms of contract —to recognized, definite, fully explained contracts.

From misleading advertising—to truth in advertising.

From dingy, dark, "confidential offices" —to light, airy, bank-light offices.

From the position of a public but necessary evil—to a recognized influence for public good.

Clarence Hodson, Jr.

INDIANA BULLETIN, NO. 7

January 31, 1926

New Members

American Security Co., 115 W. 3d St., Marion, Ind.; Legal Loan Co., 205½ Main St., Lebanon, Ind.; Legal Loan Co., Hartford City, Ind.; Legal Loan Co., 6 P. K. Buskirk Bldg., Bloomington, Ind.. Lincoln Loan Co., 9-574 Hohman St., Hammond, Ind.; Public Loan Co., Clinton, Ind.

Publicity

Remember Mr. Benj. Blumberg, Chairman, 315 Star Bldg., Terre Haute, Ind., is ready at all times to serve you, he will welcome any suggestion you have.

Legal Survey and Uniform Paper Committee

We are pleased to announce the Legal Survey is on the press. This book will contain over 300 pages consisting of all laws pertaining to the loan business, this book would cost you not less than $25.00 from a publisher, the Association is going to send you one copy gratis. It is being published, copyrighted and bound in good substantial buckram cover. You will find enclosed a sample copy of mortgage, note and receipt which has been adopted by the committee, they recommend its use because they contain all the provisions required by the laws of this state. An order blank is also enclosed in duplicate, one to be retained for your records. Compare the prices with those you are now paying and note the difference, this has been made possible because of the coöperative idea; this is just another service the Association is rendering its members. In order that you will not be confused, if you order one thousand copies and the aggregate orders from other members amounts to 100,000 you will be charged for your one thousand copies at the 100,000 rate. We suggest that you take an invoice of your supplies now, and order sufficient to last you until May 1, 1927, because no change in the laws will be made until that time. We want your coöperation and it is necessary that you place your order not later than February 15th, the sooner the better, because some of the companies are needing supplies now and the printer cannot start the printing until orders are in. We hope you will support this by sending in your order today, thereby making it possible for yourself and other members to secure this low price.

Skips

Harris, John and Paralee, from Laporte to?

Martin, Chas. F., Route E, Indianapolis to ?

Smith, John J. and Ruth, From Laporte, to Indianapolis.

Trade Emblems

You received a sample copy of cuts last month, they are now ready for distribution, send your order to-day, small size, 35c., second size, 40c., third size, 55c., large size, 65c., or a full set for $1.90. *This is cost price in quantities.*

Thanks

Thanks for the wonderful response for dues, only 10 members out of a membership of 111 have not paid. This shows how they value membership.

Convention

Now is a good time to send in your suggestions for the Annual May Convention to be held at the Claypool Hotel, May 19th-20th. It will be your convention and your coöperation is earnestly solicited to make the program pleasing to the membership.

Executive Committee

A meeting of the Executive Committee was held Tuesday, January 26th, Indianapolis, they have adopted some resolutions which will be of further service to the Association. Watch next month's Bulletin, for this information.

And that's that,

Ye Secretary.

NEW HAMPSHIRE

We wish to tell you of a very pleasant gathering the N. H. I. L. A. had—Monday, Feb. 15th. In view of the fact that D. J. Cote, our Chairman, has been transferred to another state, it was necessary that we elect new officers, and the following were elected: F. A. Brodeuer, new manager of the American Loan Co., Chairman; B. Swirsky, of the Swirsky Loan Co., Vice-Chairman; Mrs. Sarah F. French, of the Mutual Loan Co., Secretary; Simeon Sharaf, of the Sharaf Loan Co., of Concord, Treasurer. We had the pleasure of having with us A. G. Fimmurman, of N. Y., and H. Morgan, of Phila., who gave a talk of much benefit to all present. We also invited Mrs. D. J. Cote, Mrs. F. A. Brodeuer, Miss Victoria Guerin (bookkeeper at the American Loan Co.). Miss Aletta M. French (my daughter), as guests of the evening. We had dinner at the Carpenter, and all agreed that the evening had been very pleasantly spent. The members of the State Association presented D. J. Cote, our retiring Chairman, with a lounging Robe, which was accepted in the same kindly manner as it was presented. Am including the cutting from our daily paper, which got some things mixed—and did not print it as we gave it. Although we are a small association, we trust we may have much interest in the work, and that we may have a much larger number in the future.

Mrs. Sarah F. French, *Secretary.*

VIRGINIA

The eighth annual meeting of the Virginia Industrial Lenders Association was held at the Jefferson Hotel, Richmond, January 22d.

The business meeting was called to order by Chairman East at 10:00 a. m.

Before proceeding with the regular order of business the chairman introduced W. H. Swartzchild, president of the Central National Bank, Richmond. Mr. Swartzchild welcomed the members on behalf of the Chamber of Commerce, and also spoke briefly of our position to do a great service to the general public.

Attorney Virgil R. Goode, on behalf of the Association responded and thanked Mr. Swartzchild for his welcome and splendid address as follows:

"Responding on behalf of the Virginia Industrial Lenders Association, I know I speak for every member present in saying that this association is glad to meet here and to enjoy the charming hospitality for which this city has ever been noted in history, story and song. I wish to express our appreciation of the cordial and gracious welcome accorded us by the Chamber of Commerce of this city through its distinguished representative, Mr. Schwartzchild.

"As strange as it may seem, I must confess that this is the hour of my conversion. The usual address of welcome is rather set to form and altogether uninteresting, but Mr. Schwartzchild has made his so instructive and interesting as to justify addresses of welcome for all times to come.

"I shall not take the time to tell Mr. Schwartzchild some of the very interesting things about our business, but it is a fact that the Small Loan Business is a sensitive one in that it comes only where invited and stays where wanted; and that in Virginia to-day, there is more than two million dollars capital in this business.

"Upon the opening of this, the eighth annual convention, we cannot help pausing and allowing our thoughts to wander back to the birth and purpose of this association.

"The General Assembly of Virginia, in 1918, after it had, in its own words, 'recognized that the business of loaning small sums of money upon security that is not acceptable to banks and financial institutions, does and will exist, and there is a real need for the enactment of a law that will enable its continuance under proper supervision and restrictions,' passed the Uniform Small Loan Law, which establishes and regulates the small loan business upon fair and lawful terms. It was at this time that the business represented here to-day, had its birth in this state.

"The pioneers of this business in Virginia were faced with many difficult problems. The business was new and the eyes of the public were directed upon it, watching its development. It was soon learned by the individual businesses that the problems of one were more or less common to all and that the combined experience and study of all would be beneficial to each and every lender in the state. It was for that reason that this association was formed, having as its fundamental principle, the improvement of the small loan business. Since that date, seven such conventions as this have assembled in which men, whose long experience and careful study and high ideals have aided this association in accomplishing its aims. To these men, this association owes grateful thanks.

"The purpose of this association has a refined meaning not perceptible at first sight. It is the improvement of service and help rendered to the public who borrows money from our members.

"I recall hearing a talk made at one of the meetings of this association by a gentleman who had made a close study of the help that might be rendered to the borrower. He suggested a close contact, a discussion with the borrower of his home conditions, his working and financial conditions, with the ultimate view of advice and help on the part of the lender. This reminded me of a legend that is carved on a stone arch over a certain church which reads, 'This Church is conducted for the benefit of the people outside.'

"Such have been the aims and ideals of this association during the past eight years, that it has been worth while permits of no argument, and I am confident that this meeting and those to be held in the future will be pervaded by the same high purposes.

"In conclusion I once more want to thank Mr. Schwartzchild for his kind words of welcome and to express our appreciation of the courtesy of the Richmond Chamber of Commerce.

On the motion of Mr. Young, of Philadelphia, a rising vote of thanks was given Mr. Schwartzchild.

The Chair called upon Leon Henderson, of the Russel Sage Foundation, to address the members.

Mr. Henderson told the members what the Russel Sage Foundation had done and what they were doing in different states. A rising vote of thanks was given him for his able address.

Mr. East called on Mr. Burnley, supervisor of Small Loan Licensees, and he said the Banking Department appreciated the coöperation that they had gotten from the members, and they had had no complaints from any source for over a year.

C. H. Watts spoke briefly and said in response to the previous speakers that their principles were our principles, that we were trying to give a service that was helpful to our customers.

Chairman East said before we started business, he wished to thank all the officers of the Association for their coöperation in helping him during his term of office as Chairman during the past year.

The secretary read letters from the following gentlemen, regretting they were not able to attend the meeting: Messers. W. P. Woll, Geo. Hodson, Colonel Hodson, Dr. Mueller, Mr. Hood and Mr. Osborne.

The secretary called the roll and the following members were present:

Norfolk: Citizens Small Loan Sociey, Empire Company, National Small Loan Society, Beneficial Loan Society, Norfolk Loan Society, Atlantic Small Loan Company, Norfolk Security Company.

Portsmouth: Beneficial Loan Society, Portsmouth Security Co.,

Lynchburg: Lynchburg Loan Society.

Richmond: Citizens Small Loan Society, United Small Loan Corp., Beneficial Loan Society, Home Guaranty Company, Standard Credit Company, Virginia Small Loan Corp., Seaboard Security Company.

Roanoke: Beneficial Loan Society, Roanoke Loan Society, Federal Security Co.

We also had with us, V. D. Moss, Wm. Young and E. F. Moore, all of Philadelphia. C. H. Watts and Leon Henderson, of New York, and H. L. White, of West Virginia.

REPORT OF OFFICERS

Secretary Bray reported total membership at our last annual meeting, Jan. 15, 1925, 28. New members 1, total 29. Members resigned during the year, 6, which makes a total membership to date of 23.

New members obtained, Virginia Small Loan Corp., of Richmond. Members resigned, Richmond Small Loan Society, National Small Loan Service, Tidewater Small Loan Corp., and Universal Small Loan Corp., of Norfolk, Richmond and Suffolk.

Two of these members consolidated with other offices, one went out of business and the remaining three are still in business, but we have not been able to get them back into the Association.

All members dues are paid for the year 1925, except one, the Virginia Security Company, of Roanoke.

Most of the members have paid for the first half and some for the full year of 1926.

There are 35 Licensees operating in this state, and only 23 are members of this Association. On motion of Mr. Watts, seconded by Mr. Edge, the secretary's report was adopted as read.

Treasurer Bradshaw reported that total receipts for the year from all sources were $5,066.08. Disbursements, $4,425.84. Balance on hand, Special Publicity Fund, $246.00. General Fund, $396.24. Total cash on hand, $642.24.

This was referred to the Auditing Committee to report back at the afternoon session.

COMMITTEE REPORTS

Membership. Chairman Christensen, being out West and not able to attend, on motion of Mr. Watts, seconded by Mr. Bradshaw, it was agreed that the secretary's report would do for the membership Committee.

Legislation. Chairman Moss gave a general outline of what his committee had done during the year, and they did not look for any adverse legislation during this session of the State Legislature. However, they were not asleep on the job.

Publicity. Chairman Phillips said he had been able to get newspaper write-ups on our various meetings which we had held during the past year.

Vigilance. Mr. Pope said he was glad to report that his Committee had had nothing to do as there had been no complaints of any kind.

Friendly Relations. Chairman East reported that our relations with the banking department were very cordial and there had been no trouble of any kind.

Mr. Moore reported that all the newspapers were now putting our classified advertising under a special heading "Loans up to $300."

UNFINISHED BUSINESS

Mr. Biel reported that the special case he reported last meeting had been continued until March. This is a case where a customer of theirs was appealing against a judgment on the ground that our law was unconstitutional.

Mr. East called for report as to how the Exchange Bureaus were working in the different cities.

Mr. Burnett, of Richmond, said they only had five members in Richmond, and they took their lists around each morning.

Mr. Bray of Norfolk and Portsmouth, said they had nine members and they mailed their lists out each night, and reported back over the phone to each other before 10 a. m. next morning.

Mr. Price reported all four offices in Roanoke were coöperating now, and Mr. Long, of Lynchburg, reported both offices in Lynchburg were coöperating.

William Young, of Philadelphia, spoke on the benefits of Exchange Bureaus, and he advised not to overload our customers.

Mr. Watts said not to be members of the Exchange, showed a lack of confidence in each other. He advised us to get out and create new business and don't hammer the other fellows business.

Mr. East named the following members to act as a Nominating Committee for the election of officers and report back their slate in the afternoon. Messrs. Edge, Chairman; Pope, Moss, Price and Moore.

RECESS UNTIL 3 P. M.

Afternoon Session. Mr. Appleby, chairman of the Auditing Committee, reported that he audited the treasurer's books and found them correct. On motion of Mr. Moss, seconded by Mr. Bray, the treasurer's report was approved.

The Nominating Committee recommended the following members be elected as the Executive Committee: L. E. Pope, J. J. Price, H. E. Burnett, F. Bray, E. P. East, J. S. Edge and E. F. Moore with the further recommendation that L. E. Pope, as chairman; J. J. Price, vice-chairman; H. E. Burnett, treasurer; F. Bray, secretary; and E. P. East, chairman of the Executive Committee.

During the election of officers, V. D. Moss took the chair.

There being no further nominations, Mr. Herbert moved the nominations be closed, Mr. Bradshaw seconded the motion. Carried unanimously.

Mr. Watts moved the By-Laws be suspended and the Secretary instructed to cast one ballot. Mr. Moss seconded the motion. Unanimously carried.

Mr. Pope took the chair and said he appreciated the honor of being elected chairman again and he would do everything in his power to further the interests of the Association.

Mr. Watts pledged Mr. Pope their hearty coöperation and would give him every assistance in their power.

Mr. Young on behalf of the Pennsylvania Association congratulated Mr. Pope on being elected chairman.

Mr. East, retiring chairman, thanked the officers for their assistance and coöperation during the past year.

UNFINISHED BUSINESS

Mr. East brought up the subject of Uniform Papers again. He explained that a committee composed of Messrs. Moss, Pope, Moore, Bradshaw were to try and get their respective attorneys together and try and settle on some definite set of papers.

Mr. Moss reported that it was practically impossible to get attorneys to agree with each other on these things. One wanted one thing, and one another.

Mr. Watts said it seemed that the papers prepared by attorney Goode had been accepted and paid for by the Association, something ought to be done about it. He moved that the chair appoint another committee to see what they could do about straightening the matter out.

The chair appointed a committee of two, Mr. V. D. Moss, chairman and C. H. Watts, with instructions to report back at our next meeting.

Mr. East brought up the subject of automatic membership in both the Associations and he thought each state member should be compelled to take out a membership in the American Association.

Mr. Watts suggested that we approve in principle and the State Secretary collect dues for the American Association too, and turn this over to the National Secretary. This was carried unanimously.

Mr. East brought up the subject again of State Chairman holding meetings twice a year, once at the National Convention and one at some other place to be decided on later. This was the State Chairman east of Ohio.

Mr. Pope spoke in favor of it and Mr. Watts of the Beneficial, said they were in favor of it and a lot of good could be derived by the exchange of ideas by the State Chairman.

After a discussion of the expense, this matter was held over.

The chair asked some one to volunteer

to write an article to be published in The Lenders News once a month. H. E. Burnett, J. J. Price and Earl H. Biel agreed to prepare papers.

Mr. East suggested that somebody get up a sample advertisement as we were all interested in advertising.

Mr. Watts said he would like to see everyone bring in their best newspaper advertisement and circular with the amount of application received and the amount of loans made on this advertisement. Mr. Pope suggested that each individual bring in a copy of their advertisement and results gained, at our next meeting.

Mr. Phillips suggested that we have one man in each city to act as chairman of that district and organize the members in his locality. He suggested the chair appoint these men to act for different districts.

Mr. Taylor of Roanoke moved that a chairman be appointed each district and the different district chairman organize the committee and report to the Association meetings what had been done. Mr. East seconded that motion and carried.

Mr. Pope appointed for Norfolk and Portsmouth, F. Bray. For Roanoke, J. J. Price, for Lynchburg, A. J. Hillsman and for Richmond, H. E. Burnett.

Mr. Herbert of Roanoke made application for membership for the Roanoke United Small Loan Corp. Mr. Price seconded the nomination, carried unanimously.

Chairman Pope said there had been a lot of comment on us holding the meetings too often and he would like suggestions from the members. Mr. Phillips suggested that we change three times a year. Mr. Price suggested that we hold them four times a year as he thought we would have a larger attendance.

Mr. East made a motion that we continue as at present to hold the meetings every sixty days. This was put to vote and thirteen voted to continue as at present and hold the meetings every sixty days, ten voted against it. Motion carried.

Time and place of our next meeting was left up to the Executive Committee. H. L. White, Chairman of the West Virginia Association, invited the members to come to West Virginia and attend some of their meetings.

Leon Henderson, of Russell Sage Foundation, gave an invitation to representatives of all state organizations to call at the Russell Sage Foundation office, in N. Y., at any time, and they would receive a cordial welcome.

The Chair appointed to act as auditing committee, E. F. Moore, and J. S. Edge.

He also appointed a secretary to take charge of the Membership and Publicity Committee and act in conjunction with the different city organizations.

Mr. Moss moved that we give a rising vote of thanks to our retiring chairman, E. P. East. Mr. Burnett seconded the motion. Mr. Watts made resolutions of appreciation to the Federal Security Company, of Lynchburg in sending Miss Scott to represent them here at this meeting.

Miss Scott expressed her appreciation of the welcome given her.

Mr. Pope asked our retiring chairman, Mr. East, to act as Master of Ceremonies for the evening entertainment. He understood an elaborate program had been prepared for us during the evening.

Mr. Watts moved that we give a rising vote of thanks to the Entertainment Committee.

There being no further business, the meeting adjourned at 5:15 p. m.

Banquet

The prominent speakers addressed us in the evening were: Leon Henderson, Associate Director of Remedial Loans, of Russell Sage Foundation. Berkley D. Adams, chairman, State Corp. Commission. M. E. Bristow, Chief Banking Examiner. W. Sam Burnley, Examiner of Small Loan Licensees of State Banking Department. Col. John Saunders, Attorney General, and Louis Epes, member of the State Corporation.

Frank Bray, *Secretary.*

NEW MEMBERS

Add these to your 1925 Year Book Directory:

Capitol Loan Co., 6 W. Main St., Chillicothe, O.

Capitol Loan Co., 211 New Keith Theatre Bldg., Dayton, O.

Capitol Loan Co., 7 N. Third St., Hamilton, O.

Capitol Loan Co., 205 W. Main St., Lancaster, O.

Capitol Loan Co., 2 E. Vine St., Mt. Vernon, O.

Capitol Loan Co., No. 3 The Arcade, Newark, O.

Capitol Loan Co., 111½ Court St., Washington C. H., O.

American Security Co., 212 Hamilton Natl. Bk. Bldg., Chattanooga, Tenn.

Mutual Loan Association, 228 Main St., Pawtucket, R. I.

Security Loan Co., 6½ S. Court St., Sullivan, Ind.

Security Loan Co., 206½ N. Michigan St., Plymouth, Ind.

Security Loan Co., Rm. 2, Masonic Block, Warsaw, Ind.

Lima Loan Co., 1 Merriman Block, Kenton, O.

Lima Loan Co., 300½ Clinton St., Defiance, O.

Lima Loan Co., 12 American First Natl. Bk. Bldg., Findlay, O.

Lima Loan Co., 3 Princehouse Block, Sidney, O.

Springfield Loan Co., 35½ Green St., Xenia, O.

Bellefontaine Loan Co., 112½ Court St., E., Bellefontaine, O.

Urbana Loan Co., 108½ S. Main St., Urbana, O.

Indiana Loan Co., 24½ E. Washington St., Greencastle, Ind.

Paris Loan Co., 6 First Natl. Bk. Bldg., Paris, Ill.

National Loan Society, 5141 Market St., Philadelphia, Pa.

North Hudson Loan Co., 523 Hackensack Plk. Rd., Union City, N. J.

W. & O. Loan Corp., 1st Huntington Bank Bldg., Huntington, W. Va.

Service Finance Co., 508 Robson-Prichard Bldg., Huntington, W. Va.

STEIMLE ELECTED VICE-PRESIDENT

At the annual election of the Associated Credit Men of Atlanta held last month at Henry Grady Hotel, Atlanta, Georgia, our own Edward Steimle, secretary-treasurer of the Georgia Industrial Lenders Association, was elected vice-president.

IMPORTANT INFORMATION

Atlanta, Ga., Jan. 28, 1926.

Hon. Jerome Jones,
Editor Journal of Labor,
Atlanta, Ga.

Dear Sir: In Re: State laws requiring lenders of money and salary buyers to obtain license and execute proper bond as a condition precedent to doing business.

Permit me to call attention of labor officials, through the columns of the *Journal,* to the fact that a great percentage of the 120 "small loan companies," operating in Fulton County, Georgia, as purchasers of salaries and wages, cannot collect in courts on current contracts, because they have not complied with the simple requirements of the law as set out in the Civil Code of Georgia.

The Court of Appeals of Georgia, on September 2, 1925, in the case of McLamb vs. Phillips (129 S. E. 570), declared all contracts dealing with sales of wages, or loans of money on wages, to be VOID, unless the company doing business had been licensed and bonded, under the Statutes, when the transaction occurred.

This is merely given publicity for the reason that any company doing a loan business without submitting to the regulations of the law, is primie facie a menace to the economic well-being of the laboring class and to society generally.

Experiences of this office teaches that representatives of labor, and executives of the larger corporations in this state must acquaint themselves with the social evil of loan sharkery in all of its different forms—and must coöperate with the bona fide loan and salary buying companies in this state, with a view of resisting in the courts the contracts of "hole in the wall," "outlaw" loan companies, before the economic evils of usury can be reduced to a minimum.

Respectfully submitted,
J. L. R. Boyd,
General Counsel, Atlanta Legal Aid Society.

—Journal of Labor, Jan. 29, 1926.

LOAN SHARK DRIVEN OUT OF OHIO, LOCHER SAYS

State Has Granted 246 Chattel Loan Licenses, Director of Commerce Points Out, 16 More Than Year Ago. Lenders Must Report to Department

The loan shark virtually has been driven out of Ohio.

This statement was made, Saturday, by Cyrus Locher, state director of commerce, in announcing that the state has granted 246 chattel loan licenses, an increase of 16 over a year ago.

"The elimination of the loan shark," said Locher, "has been brought about largely by the activities of the blue sky department, with the coöperation of the Ohio industrial lenders, banks and building and loan associations."

Industrial lenders operate in Ohio under the provision of the Lloyd act and reports are made to the department of commerce. Loans are made on chattels to the extent of $300, the interest rate being fixed by law and determined by scientific actuarial computations.

Investigation has revealed that about 85 per cent of the people have no collateral that would be accepted at banks as security for loans and the industrial loan business has been established for the purpose of accommodating this class of citizens, it is explained.

Money borrowed from industrial lenders finds its way back, it is declared, to local merchants in payment of small accounts, although there are many instances where the money has been used as a down payment on a lot and formed the nucleus of a fund with which to erect a home.

Coöperation between the Ohio Industrial Lenders Association and the Department of Commerce, it was declared, has placed the small loan business on a substantial basis, enabling one without banking credit to obtain funds at lawful rates of interest to tide him over in cases of emergency.—*Columbus, Ohio, Dispatch, Feb. 21, 1926.*

BAKER IN FLORIDA

L. T. Baker, erstwhile secretary of the Illinois Association, when last heard from was enjoying himself chasing skips down in Florida last month.

LOAN SOCIETIES ARE NUMEROUS IN JAPAN

Tokio, Jan. 30 (A. P.).—There are 14,444 coöperative loan societies in Japan by the latest government figures. How important these societies are in Japanese life may be gauged by their deposits which total about 490,000,000 yen. Their total advances to members is given at 440,000,000 yen. The popularity of the societies is attributed chiefly to the interest paid, the average being 6½ per cent. In addition, borrowers are charged an average of 11.3 per cent per annum.—*Indianapolis Star, Jan. 31, 1926.*

TOO MANY ORGANIZATIONS?

Two tributes to trade associations:

Colonel Willey and Mr. Locock, who visited the United States in the interest of the Federation of British Industries, reported that one cause of American industrial success was the trade association, adding "The habit of meeting together frequently and exchanging experiences has proved to be of the greatest value to American industry." And further, "the leaders are much more ready in the United States than with us to take an active part in the work of these associations, even at great personal sacrifice."

Second tribute:

O. H. Cheney, vice-president of the American Exchange-Pacific National Bank, recently told the Sheet Metal Ware Association that the time was near when a business men's membership in a trade association will be an important factor in his banker's judgment of his credit rating, for, he explained, membership was a test of character since it showed ability to get along with one's fellowmen. Furthermore, said Mr. Cheney, membership shows intelligent business methods, and in general the soundness of the industry.

Too many organizations? Not a bit of it. Too many poor organizations? Of course. There are too many bad apples, too. But there can't be too many organizations which have a worth-while, definite purpose to accomplish and go at that job intelligently and economically.—*February Nation's Business.*

MERCHANTS IN MOVE TO GIVE DEBTORS AID

Finance Company Organization to Assist Debtors in Squaring Accounts Announced at Meeting

BARBOUR IS PRESIDENT

Secretary Reports Indication for 1926 Business Good; Friendship with Wholesaler Strengthened

Formation of a new Merchants' Finance Company with authorized capital of $100,000 by more than thirty retail merchants in Toledo for purpose of assisting debtors in financing their accounts was announced at the annual meeting of the Retail Merchants' Board at the Chamber of Commerce Thursday night.

Through this corporation the merchants of Toledo are pioneering in a progressive means of financing accounts and promoting credit.

Sam C. Barbour, of the Thompson-Rainie-Barbour Company, is president of the new company; Louis B. Busse, of the Franklin Printing & Engraving Company, is vice-president; George B. Stites, of the Lion Dry Goods Company, treasurer, and George C. Morrison, of the Merchants' Credit & Adjustment Bureau, secretary and manager.

Under the plan of the organization a customer of Toledo stores who needs help in financing his bills may secure a loan of three, six or nine months after making a list of his obligations and covering them all. In this way many accounts may be consolidated.

The company is incorporated under the loan laws of Ohio.

J. H. Combs, secretary, indicated in his report that the outlook for 1926 showed prospects of very good business for the retailers.

"There are greater problems, however, for the retail merchant to face than ever before," he said.

"Gigantic combinations in production to lower costs and immense development of purchasing power to cut costs of distribution are in the making. It is a time when all merchants should forget petty animosities and work together for the good of the retail business."

Combs indicated that friendly relations between local wholesalers and retailers had been strengthened during the year.

He pointed to the passage of the chain sale regulatory ordinance by city council as an outstanding act of coöperation in Toledo in recent months. Solicitors have been on the increase in the last few months and more than 700 have applied to work the stores during the year.

S. D. Vinnedge, of Lamson Brothers' Company; Alfred B. Koch, of the LaSalle & Koch Company; J. N. Zeckhauser, of the Tiedtke Brothers' Department Stores Company; T. H. Deardorff, of the Toledo Rubber Company, and Fred N. Goosman, of the Goosman Piano Company, were elected to the executive board. Holdover members are H. E. Anderson, Sam Logan, Karl Hillebrand and Arthur Thorner.

Thurman "Dusty" Miller, editor of the Wilmington *Star-Journal,* spoke on "Sportsmanship."

J. A. Rainie, retiring president of the board, was toastmaster.—*The Toledo Times, Jan. 29, 1926.*

THE MODEST REQUIREMENTS OF A SECRETARY

Walter D. Burr, who is president of the Wire Bound Box Manufacturers' Association, talked to the Business Secretaries' Forum out in Chicago the other day, and said that among other things a successful trade association secretary should

Be something of a financier;
Know something about advertising;
Know the rudiments of accountancy;
Know something about statistics;
Have initiative;
Be something of an orator;
Have political ability;
Be something of an author.

These are requirements not much more than we expect from a President of the United States.—*February Nation's Business.*

ST. LOUIS LOAN SHARKS DECLARED AMONG MOST RAPACIOUS IN U. S.

Expert Finds Legislation Permits Usurious Interest Rates

Loan sharks in St. Louis and Kansas City are the most rapacious of any in ten states and nineteen cities visited by Leon Henderson, head of the Department of Remedial Loans of the Russell Sage Foundation, who has been making a preliminary survey of loan shark conditions in Missouri with a view to determining whether the Foundation will give assistance in presenting to the 1927 Legislature the "Uniform Small Loan" law which is now in operation in twenty-three states.

The lowest rates charged by Missouri money lenders is 260 per cent per year, according to Henderson's findings as announced by him yesterday, and instances have been found where the rate has reached 600 per cent.

Automobiles Collateral

In St. Louis Henderson found that loans with automobiles as collateral often net as much as 400 per cent to the lenders and several cases were found in which a borrower of $50 paid from $120 to $180 interest for one year's salary loan and was still being held for the principal of $50.

One St. Louis railroad worker told of borrowing $10 at Christmas time in 1924 and of paying $2.50 "renewal charge" every two weeks until January, 1926.

"There are about sixty loan sharks doing business in St. Louis," said Henderson, "and a lawyer who has handled usury cases against them for twenty years says there is $1,000,000 invested with a turnover every four months, which gives St. Louis an illegal business of more than $4,000,000 annually.

100 Per Cent Returns

A return of 100 per cent on the capital invested is common. One loan shark office with a capital of $15,000 netted $13,000 profit last year, according to an employe who has since left the business.

Henderson came to Missouri at the request of several social and protective agencies which desired to ascertain whether it is feasible and possible to champion the "Uniform Small Loan" law at this time. This law aims at the elimination of loan sharks and places the lending of small sums on chattels and wage assignments on a decent basis under the direct supervision of the banking department.

Law Good Remedy

The law has proved an adequate remedy for conditions such as exist at present in Missouri and the states having such constructive legislation have never repealed or modified its provisions.

Welfare agencies report serious disturbances to family incomes because of the excessive rates paid, and because of garnishee proceedings to collect usurious loans, Henderson said.

A garnishee filing in Kansas City for a loan that had been repaid many times cost a steel company employe his job at a critical time when a baby had just been born into the family. Other interested agencies, such as Legal Aid societies and Better Business Bureaus, also report weekly trouble with the unscrupulous lenders.

Blames Inadequate Legislation

According to Henderson, the viciousness of the situation in Missouri can be laid at the door of inadequacy of legislative regulation.

"Eighty-eight per cent of the people have no bankable credit," said Henderson, "and it is this group that is constantly being confronted with financial crises that only cash in hand can meet.

"In every other field of borrowing, such as bank loans, property loans, etc., the borrower has positive protection, but in the small loan for emergency, necessitous purposes, he meets the lender on unequal terms."

The Uniform Small Loan Law has grown out of eighteen years of study and research of the small loan problem by the Russell Sage Foundation, which has assisted public-minded groups in many states to pass this effective regulation. The law requires all lenders of small sums with chattel and wage assignments as collateral to be licensed by the banking department in much the same manner as the blue sky law requires licenses of securities salesmen.

State Audits Books

It requires the banking department to make frequent audit of the transactions of each licensee, and to investigate any individual or concern reported to be making such loans at a rate higher than the banking rate.

"This positive protection takes the enforcement of usury laws in such transactions out of the limited and clumsy recourse of the poor and isolated borrower and places it where it rightfully belongs—under the strict regulation of a state department that is equipped for such defence," Henderson said. "The law also requires chattel mortgages and wage assignments to be signed by wife and husband in case the borrower is married. It defines loans so that there is no possible evasions by recourse to "third-party, innocent purchaser," and allows interest only on unpaid balances, besides requiring the lender to give the borrower a complete record of each transaction.

"Salary Purchasing"

"'Salary purchasing,' either of earned or unearned salary, becomes a loan, and such lenders must be licensed and supervised. A maximum rate of 3½ per cent interest on unpaid balances, shown by various studies to be necessary for such transaction, is permitted. Bond is required, and stiff penalties for violations are carried by the law, and the expenses of enforcement are borne by license fees paid to the Banking Department.

"Everything seems to be against the borrower in Missouri. Some employers fire employes whose wages are garnisheed, and thus furnish an effective weapon for the shark to collect his illegal fees. Garnishment cannot be filed legally against a Missouri resident without judgment, but certain courts are not too careful about this."—*St. Louis Globe-Democrat, Feb. 14, 1926.*

INTEREST LIMITATION LAWS DISCOUNTENANCE JUNIOR FINANCING FOR HOMES

Association's Study Backs Up Request for Legislative Adjustment

So-called usury laws in the various states, adopted to protect the borrower who is faced with some dire necessity from the exactions of extortionate and unconscionable lenders, are having an effect never intended by the legislators upon the use of second mortgage loans in the purchase of homes, according to a detailed study of interest laws and junior financing which has just been made by the National Association of Real Estate Boards.

The Association's study is the basis of its request that laws governing interest rates on second mortgages, in states where such laws are in effect, be adjusted so as to permit interest rates on second mortgages to correspond as nearly as possible to the actual cost of the type of financing in each locality.

Keep Money From Financing of Home Ownership

"Under the law of supply and demand the cost of such financing is, in most states of the Union, greater than the maximum interest rate permitted by the laws of those states to be charged," resolutions adopted by the Association state.

"The effect of this condition is to keep out of the second mortgage business much capital that otherwise might be attracted into this form of investment."

Adjustment of the laws governing interest rates on second mortgages is needed if capital is to be drawn freely into service to finance the purchase of homes and if the cost of such financing is to be kept as low as possible, the Association points out.

"Second mortgage financing, which has such a large part in making possible the widest extension of home ownership, is legitimate and useful. But it is suffering under laws which were never intended to restrict mortgage investment," a report made to the Mortgage and Finance Division by its committee on junior financing states. The report, made by Samuel N. Reep, of Minneapolis, is based on a study of second mortgage financing in twenty-five cities.

Present Rates Only Gauged to First Mortgage Costs

Present statutory maximums are gauged in amount to first mortgage financing, the report brings out. They ignore the fact that second mortgage credit, with the higher margin of risk necessarily involved, is worth considerably more than first mortgage credit.

Because second mortgage credit is worth more than the statutory maximums, second mortgage financing cannot be done on a business basis directly with the borrower unless it is done in violation of the law. Where lenders deal directly with borrowers there are attempts to camouflage the transactions, so that the law may be evaded. The would-be evaders are not aware of the fact that usury cannot be legally camouflaged in any way whatever.

Camouflages Attempted

All over the United States, therefore, because of the fact that most men do not wish either to violate the law or to hazard the drastic penalties of the law, the second mortgage and land contract business has become a discount business. In other words, instead of financing the borrower direct, the lender will purchase the second mortgage and land contract paper if it has been executed. This procedure is not affected by the usury law, because any man has the right to sell his mortgage or his contract at any rate of discount. If he wishes to do so he may even sell at 100% discount, which would be giving it away. The one discounting such paper, if the transaction has not been camouflaged, is not amenable in any way whatsoever to the usury law, provided that the mortgage or contract is not already tainted with usury in the hands of the seller.

Legislatures in passing laws fixing interest maximums have had in mind protection from unprincipled lenders of borrowing made under the pressure of great need, for example, that for food and clothing for a freezing and starving family. The borrowing of money for the purchase of a home is not in this class of necessitous borrowing. Only in isolated communities where there may be a monopoly condition of capital could there be any setting aside of the law of supply and demand for second mortgage purposes. Statutory maximums operate only to keep capital from flowing into channels where the credit is worth more than the statutory maximums.

The Small Loan Law as worked out by the Russell Sage Foundation, and as passed by one-half the legislatures of the United States, has already gone through the same history through which the second mortgage and land contract business is now passing, the report states. Investigation by the Foundation revealed the fact that it would require 42% on unpaid balances, or 3½% per month to attract capital into the small-loan field. About one-half the states in the Union have adopted 3% and 3½% per month on unpaid balances as the statutory maximums in that field of financing.

The report suggests that a similar separate bill be passed in regard to mortgaging for the financing of homes that would provide a maximum rate for such mortgage loans selected because it is the rate which is required to attract capital into that particular field. It is suggested that it might be made the duty of the superintendent of banks to determine the worth of second mortgage credit, and that a small commission of experts might be appointed to advise him in this respect.—*News Service from National Association of Real Estate Boards, Feb. 13, 1926.*

YEAR BOOK ACKNOWLEDGMENTS

Library of Congress, Washington, D. C.
Free Public Library, Newark, N. J.
University of Minnesota Library, Minneapolis, Minn.

CLEVELAND HOST CITY TO A. I. L. A., Sept., 1926

Its Foundation and Growth

By Convention Board,
Cleveland Chamber of Commerce

From an isolated trading post in the wilderness in 1796 to a thriving, bustling metropolis of a million souls today—this, in a nutshell, is the history of Cleveland.

CLEVELAND CONVENTION BOARD

The city has grown, not by leaps and bounds, but by steady, substantial processes, until it now ranks fifth in the United States in population. It is among the thirty largest cities in the world. Situated, as it is, on the southern shore of Lake Erie, at the logical and most economical meeting point of ore, coal and limestone, Cleveland has become a power in industry and holds an enviable position in international commerce.

Early settlers of Cleveland little dreamed that in the short span of one hundred and twenty-nine years their trading post of a score of people would grow into a city covering 68 square miles of densely populated land, or that the ground for which they paid as low as thirty cents an acre, would later sell as high as $25,000.00 per front foot and have a total assessed valuation of nearly two billion dollars. In those primitive days who could visualize this remarkable growth?

Skyscrapers have replaced the log cabins of early pioneer days, miles and miles of paved streets, thronged by thousands of motor vehicles and pedestrians have taken the place of a few Indian trails, while thousands of magnificent homes have sprung up on the ground that a century ago was wilderness and waste.

Moses Cleaveland, Founder

Cleveland owes its location to Moses Cleaveland, chief surveyor for the Connecticut Land Company, who set out in the Spring of 1796 to survey a tract of 3,000,000 acres that is now Northern Ohio. Cleaveland and his small band of associates landed on the banks of the Cuyahoga river where it joins Lake Erie, on July of the same year. In September they laid out the site of the city a mile square on the bluff overlooking the lake.

Early growth of the city was slow and marked by many hardships and much suffering. Four years after its founding Cleveland boasted a population of but 25 persons. In 1820 there were 600, which grew to 6,071 in 1840. From that time to 1880 Cleveland practically doubled its population every ten years. In 1900 the population reached 381,000 and in the last quarter of a century this figure has almost been tripled. These figures tell the story of Cleveland's growth more graphically than words:

Year	*Population*
1800	25
1820	600
1840	6,071
1860	43,417
1880	160,146
1900	381,768
1920	796,841
1925	*1,000,000

*—Estimated by U. S. Census Bureau method, and includes population of the suburbs, or what is known as Greater Cleveland.

Lake Port Development

Development of Cleveland as a lake port, a big factor in placing the city in the front rank of industrial centers, played an important part in the growth of population. The first steamboat on Lake Erie, the "Walk-in-the-Water," made her maiden trip from Buffalo to Cleveland in August, 1818. At that time there were numerous small sailing vessels plying up and down the lake and many of these brought new faces to Cleveland. Daily arrivals of boats loaded with five or six hundred persons were not uncommon. Many of these emigrants foresaw the material advantages of Cleveland's geographical location on a great inland waterway and went no farther.

But it was not until the year 1852 that the ship "Baltimore" entered Cleveland's harbor with the first cargo of iron ore from the Lake Superior region and paved the way for a great industry. More than 800 large ships now ply the Great Lakes. Millions of tons of iron ore are transported from the mining districts by this huge fleet, making possible the tremendous activities of Cleveland's industries. Coal and grain also represent a large part of the traffic of lake vessels and contribute no small part toward Cleveland's commercial and industrial progress. It is estimated that fully eighty per cent of the vessels engaged in the iron ore, coal and grain trade are owned and managed by Cleveland interests.

With 14.2 miles of lake frontage, protected by a breakwater five and three-fourths miles long, a harbor amply supplied with docks, both along the lake shore and along the banks of the Cuyahoga river, Cleveland is well able to meet the demands of this ever-increasing business on the lakes.

Railroad transportation facilities, industries, banks and business houses, schools and churches, municipal and civic enterprises have developed to an equal extent. Latest records show that Cleveland has 3,048 manufacturing plans, operating on paid up capital of $762,585,000, and having a yearly pay roll of $275,000,000.00. These plants annually turn out products valued at more than one billion dollars. Bank deposits in Cleveland in the last few years have averaged more than $700,000,000.00, while latest reports show an annual total of bank clearings of more than five and one-half billions. There are more than 400 miles of street railway lines in Cleveland, over which a half billion passengers ride each year. Seven trunk railroad lines, six interurban and twelve motor bus lines enter the city. Cleveland has 225 public and parochial schools, 410 churches, 2,420 acres of parks, 959 miles of streets and 855 miles of sewers.

Cleveland Transformed

It has been within the last ten years that Cleveland has thrown off the garments which gave it the general air of an overgrown country town and assumed modern, metropolitan habiliments. Big changes have been wrought in the business section of the city, featured by the construction of numerous immense buildings. One recently completed ranks as the second largest bank building in the world. The erection of a skyscraper housing what is declared to be the finest theatre in the world represents another recent achievement in Cleveland's advancement.

This unprecedented rise in new construction has not been confined to the business section. Taking the figures for one year we find a total construction value of more than $106,000,000, of which $36,722,000, or thirty-five per cent, was devoted to building operations in Cleveland's suburbs. In the same year building permits for single dwellings and apartments were issued to provide for 7,270 families within the city limits. As building operations have kept pace with growth in population, real estate values have risen sharply. In one suburb alone values have jumped from $2,000,000 to $38,000,000 in ten years. This is typical of the rise in values in other suburbs surrounding the city.

Man of vision though he was, Moses Cleaveland could not by any stretch of imagination foresee this remarkable growth. When he had completed the task of laying out the city which was to bear his name, he returned to Connecticut and told his employers: "I believe the child is now born that may live to see that place as large as Old Wyndham" (Conn.). (The population of Old Wyndham in 1920 was 13,801.)

While this growth of population and values was remarkable, it represents only the beginning of a long list of notable achievements. Cleveland now leads the world in the manufacturing of many products. It is the most healthful of the large cities in the United States; it has some of the best hotels in America; it possesses the most magnificent Public Hall in the world; it has one of the finest art museums in existence; it represents the greatest iron ore market in the world and is a leader in the automobile industry.

Back of all this looms the spirit of progress born in the hearts of those early trail blazers, and inherited by each succeeding generation—to Cleveland's everlasting benefit.

FIRST L. A. CONVICTION FOR USURY

Los Angeles usurers must go to jail.

This, in effect, was the decision of a jury of 12 which today returned the first criminal verdict against a usurer in this county.

They found S. Wasser, 703 East Hedgeworth street, guilty of the crime of usury in a trial before Judge William E. Frederickson.

The action was brought by James Jefferson, head of the California Association Against the Practice of Usury, 220 California building, acting in behalf of Jacob

Tabak, 122 North Breed street, Wasser's victim.

Sentence will be passed on Wasser by Judge Frdeerickson at 10 o'clock tomorrow morning.

Under the law he can both send the convicted man to the county jail for any period up to six months in addition to imposing a heavy fine upon him.

The case was prosecuted by LeRoy Reames, deputy under City Prosecutor J. M. Friedlander who has been assigned to the conduct of all usury prosecutions.

Reames will conduct the prosecution of A. H. Seccombe, money lender, the first man to be arrested since *The Record's* anti-usury campaign. Seccombe will come to trial January 15.

The charge against Wasser was bitterly fought.

Evidence presented showed that the convicted man had practiced what the courts have termed the most vicious form of usury—the exacting of a bonus for the making of a loan.

Taback, owner of the cigar stand at First and Broadway, had sought the loan of $7,000. He needed the money immediately. Wasser, in offering to make the loan, exatced a bonus of $7,900 plus the full legal rate of interest.

In order to make this bonus appear "regular" and not usury Wasser, the evidence showed, made out two checks—one for $7,000 and the other for $1,900.

He gave both checks to Toback but accompanied him to the bank where he caused the borrower to cash the $1,900 check and hand the money back to the lender. In this way he had hoped to show he had not exacted a bonus.

The jury was out but 25 minutes when it returned its verdict.

The conviction, on a criminal charge, of a usurer was heralded today by attorneys and officials of the Anti-Usury association as one of the greatest blows yet delivered against the extortionists who have been operating unmolested here.

PROBING MANY CASES

With the law defined, Reames together with Friedlander and William V. Krowl, the city prosecutor's chief deputy, plunged into an investigation of more than two dozen cases now before them.

In all instances where a clear violation of the usury law is found, Friedlander declared, complaints would be issued and arrests made. In instances where companies have committed the usury it is the prosecutor's intention to bring into court not only the higher officials but the directors of the companies.—*Los Angeles Record, Jan. 4, 1926.*

GEORGIA

McLAMB *v.* PHILLIPS. (No. 16115.)

(Court of Appeals of Georgia, Division No. 2. July 20, 1925. Rehearing granted Aug. 21, 1925. Judgment adhered to Sept. 2, 1925.)

(Syllabus by Editorial Staff)

1. *Licenses. 39—When statute imposing license amounts to prohibition of contract made without compliance with license law stated.*

As statutes imposing license taxes when designed merely to raise revenue do not impliedly nullify contracts made in contravention thereof, generally, where license required by statute is not imposed only for revenue but requires registration or licensing primarily to protect public from acts mala in se, or from improper or irresponsible persons, their imposition amounts to positive prohibition of contract made without compliance with and in violation of statute, and by implication renders such contract void.

2. *Pawnbrokers and money lenders. 4—License law for protection of public.*

Purpose of Civ. Code 1910, 3446-3465, prohibiting persons from engaging in business of making loans on wages or salaries without license therefor, is not to raise revenue but is for protection of persons compelled to resort to borrowing of money on small personal property security from improper or irresponsible lenders, who have failed to comply with statutes providing for such protection.

3. *Pawnbrokers and money lenders. 4—Unlicensed purchaser of salary held not entitled to recover.*

In views of Laws 1920, pp. 215, 219, 220 (Park's Ann. Code Supp. 1922, 1770(a), 1770(m), 1770(p), 1770(q), where undisputed testimony of plaintiff was that at time of contract he was engaged in buying wages and salaries, as defined by statute, and had not complied with requirements of Civ. Code 1910, 3446 et seq., as to giving bond and making oath and obtaining license, judgment denying recovery thereon was proper.

Error from Superior Court, Chatham County; Peter W. Meldrim, Judge.

Action by S. McLamb against Clifton Phillips. Judgment for defendant, and plaintiff brings error. Affirmed.

H. P. Cobb, of Savannah, and R. R. Jackson, of Atlanta, for plaintiff in error.

F. R. Youngblood, of Savannah, and Dorsey, Howell & Heyman, of Atlanta, for defendants in error.

(Syllabus Opinion by the Court)

JENKINS, P. J. (1) 1. While statutes imposing license taxes and providing for their collection, when designed merely to raise revenue, as in the license of real estate agents, do not impliedly nullify contracts made in contravention of their provisions (Toole v. Wiregrass Development Co., 142 Ga. 57, 60-63, 82 S. E. 514), the general rule of law is that, where the license required by the statute is not imposed only for revenue purposes, but requires registration or licensing primarily for the purpose of protecting the public from acts mala in se, or detrimental to good morals, or from improper, incompetent, or irresponsible persons, as in the case of unregistered or unlicensed druggists or physicians, their imposition amounts to a positive prohibition of a contract made without a compliance with and in violation of the statute, and by implication renders such a contract void and uninforceable. Taliaferro v. Moffett, 54 Ga. 150, 153; Murray v. Williams, 121 Ga. 63, 48 S. E. 686; Jalonick v. Greene County Oil Co., 7 Ga. app. 309, 311, 66 S. E. 815; Singleton v. State, 14 Ga. App. 527(3), 533, 81 S. E. 596; 37 Corpus Juris, 260; 17 R. C. L. 560.

(2) 2. The act of 1904 (page 79) embodied in Civil Code 1910, 3446-3465, prohibits any "person, firm, or corporation" from engaging "generally, regularly, or collaterally to any other business, in the business of making loan on * * * wages, or salaries, or in the business of buying wages or salaries, without first obtaining a license for carrying on such business." Section 3446. Such a license, where the business is to be conducted within the limits of an incorporated city or town, must be obtained from the proper municipal officer issuing licenses, and where conducted within such limits, from the ordinary of the county. Section 3447. As a preliminary condition to the granting of such a license, the applicant is required to file with the mayor of the town, or the ordinary of the country, a $500 bond, conditioned upon "the faithful performance by the licensee of the duties and obligations pertaining to the business so licensed, and the prompt payment of any judgment which may be recovered against said licensee on account of damages or other claim arising directly or collaterally from any loan of money or sale of wages or salary." Section 3449. The only provision of this act that relates to the raising of revenue or to moneys derived from the issuance of such licenses and the giving of such bonds is that the "ordinary or officer issuing the license shall receive, for each license so issued, a fee of one dollar and fifty cents." Thus the manifest purpose of these statutes is not the raising of revenue, but is the protection of that portion of the population which, because of small means for temporary adversity, is compelled to resort to the borrowing of money on small personal property security, or to the sale of salaries, from improper or irresponsible lenders who have failed to comply with the statutes provided for such protection.

(3) 3. Irrespective of whether or not the Judge of the Superior Court was right in overruling the certiorari of the lender or purchaser of the defendant debtor's salary from a judgment of the Municipal court in favor of the defendant, on the ground that the transaction was a loan and not a sale, the judgment of the Superior Court was never the less correct, since, under the undisputed evidence and the testimony of the plaintiff himself, he was at the time of the contracts in question "engaged in the business of buying wages and salaries," as defined by the statute, and "had not complied with the requirements of the act of 1904, embodied in the code sections 3446 et seq of the Code of 1910, as to the giving bond and making oath and obtaining the license required."

Judgment affirmed.

STEPHENS and BELL, JJ., concur.

On Rehearing.

JENKINS, P. J. This cause arose on a petition by an alleged purchaser or assignee of wages, against the employee, to collect the amounts represented by two alleged assignments or bills of sale, one for $20.40 and the other $6.80. The municipal court found for the defendant, and the Superior Court overruled the plaintiff's certiorari, basing its judgment primarily on the ground that the trial court, under the evidence, was authorized to find that "the transaction was not a bona fide purchase of wages but a loan." There was testimony, as referred to in the judgment, that $15 was actually paid for the $20.40 alleged assignment or sale, and that, several months after this alleged assignment or bill of sale was executed, the defendant executed another assignment in the same amount, but no money was paid to him, such assignment being made "for no other consideration than the further forbearance to collect the amount" previously assigned, and that on the latter date the $6.80 assignment was executed; $5 being paid as its consideration. The plaintiff testified also, in referring to the $20.40 assignment, that "there had been several previous transactions * * * involving the same principal sum and the same rate of discount"; that "it was often several months before he received payment of the money advanced; and that he forebore enforcing the payment by sending in notice to the employing railroad company or otherwise for the reason that it would inconvenience (defendant) and everybody concerned." We cannot say that, under this testimony, the municipal court, sitting without a jury, and the Superior Court on certiorari, were unauthorized to find, as to the $20.40 transaction, that, if the original transaction were a bona fide purchase, "there was no room for other transactions involving the principal sum, neither was there room for the application of a rate of discount," and that "forbearance has no place" in such a transaction. But there appears to be no evidence authorizing such a finding as to the $6.80 assignment. For this reason, and as an additional reason why the judgment of the court below was correct as to the $20.40 item, irrespective of such finding, the original syllabus of this court was planted upon the further ground that both transactions were illegal and unenforceable, even if they be taken as bona fide sales or assignments, since the plaintiff admittedly was then engaged in the "business of buying wages or assignments," and had failed to give the preliminary bond and obtain the license required by the act of 1904, embodied in section 3446 to 3465, inclusive, of the Civil Code of 1910. Ga. L. 1904, p. 79. It is only necessary to consider this phase of the ruling, to which the motion for rehearing and the able and scholarly briefs of counsel are directed.

While it is the duty of courts and juries to strip from an alleged assignment or sale of wages the false and fictitious vestments in which it may be clothed, and to look to real facts and circumstances which manifest a usurious loan, notwithstanding express written verbiage, both the Supreme Court and this court have uniformly sustained bona fide actual assignments and sales made in conformity to statute. Jackson v. Johnson, 157 Ga. 189, 121 S. E. 230; Covington v. Rosenbusch, 148 Ga. 459 (1), 97 S. E. 78; Centralnof Georgia R. Co. v. King Bros., 137 Ga. 369, 73 S. E. 632; King v. State, 136 Ga. 709, 71 S. E. 1093; Atlanta Finance Company v. Lusford, 32 Ga. App. 787 (1), 124 S. E. 813.

The Legislature, by the act of 1904 (Civil Code, 3446-3465), as quoted in the second division of the syllabus, enacted and espressed and positive prohibition against any person engaging "generally, regularly, or collaterally * * * in the business of buying wages or salaries, without first obtaining a license for carrying on such business," and required the giving of a bond, for the benefit of persons whom might be injured by acts or omissions under the statute, as a condition precedent to such a license. This law in both its original title and language, covers a legitimate business for the bona fide purchase of wages or salaries, as well as businesses and pretended transactions which are merely camouflages for usurious loans and discounts charges. There seems to have been no subsequent legislation effecting this manner of licensing and transaction of such legitimate business and sales. While the act of 1920 (Georgia L. 1920, pp. 215-222; Park's code, Supp. 1922, 1770(a)-(s), by its title and language, regulates 'the business of making loans in sums of $300, or less * * * and * * * the assignment of wages or salaries, earned or to be earned, when taken as security for any such loan," (italics ours), it has been held not to cover a bona fide assignment or sale. Tollison v. George, 153 Ga. 612 (1), 614, 112 S. E. 896; Atlanta Joint Terminals v. Walton Discount Co., 29 Ga. App. 225, 227, 114 S. E. 908. See, also, as to other legislation regulating rates of interest and discount, Ison Co. v. Atlantic Coast Line R. Co., 17 Ga. App. 177, 62 S. E. 726. The act of 1920 nullifies and precludes enforcement of certain loans and salary assignments given to secure the same when made in contravention of its provisions as to special licensing by the state bank examiner and as to rates of interest or discount, so that the present transactions would be unenforceable thereunder, if they be treated as loans, as was done by the judge on certiorari (Ga. L. 1920, pp. 220-222; Park's code Supp. 1770(m), (p), (q); but nothing in that act or any other legislation has apparently either expressly or by implication repealed the law of 1904 so far as it relates to a business of actual bona fide buying of wages or salary. That original act, to this extent, therefore, remains in full force; and it remains to consider its effects upon the transactions here in question, if taken in whole or in part as actual purchase or assignment. The rule expressed in the first division of the syllabus supported by precedents of the Supreme Court of this court, is substantially as recognized by other courts and text writers that such agreements without the required license are void and unenforceable, where the license is required for the public protection and to prevent improper persons, dealers, and to stock brokers, pawnbrokers, peddlers, inn keepers, plumbers and other like professions and vocations from acting in a particular capacity and not for revenue purposes only and such a general rule has been formerly applied to liquor dealers and to stock brokers, pawn brokers, peddlers, inn keepers, plumbers and other like professions and vocations. 13 Corpus Juris, 423 (Section 353 (3)); 37 Corpus Juris, 269 (Section 137); 6 R. C. L. 701 (Section 107), 692 (Section 98); 25 Cyc. 633; Clark on Contracts, 385; Gilley v. Harold, 118 Tenn. 115, 101 S. W. 424 (5); Barton v. Port Jackson, etc., 17 Barb. (N. Y.) 397; Cook v. Pierce, 2 Houst. (Del) 499; People v. Board of Sup'rs, 122 Ill. App. 40; Buckley v. Humason, 50 Minn. 195, 52 N. W. 385, 16 L. R. A. 423 (2), 36 Am. St. Rep. 637; Flora v. Hartman, 61 Ind. App. 440, 109 N. E. 846; Johnson v. Berry, 20 S. D. 133, 104 N. W. 1114, 1 L. R. A. (N. S.) 1159; Randall v. Tuell, 89 Me. 443, 36 A. 910, 38 L. R. A. 143; Schnaier v. Navarre Hotel and Importation Co., 182 N. Y. 83, 74 N. E. 561, 70 L. R. A. 722, 108 Am. St. Rep. 790.

"Where a statute enacts, for the purpose of securing a more effectual compliance with its requirements in respect to the licensing of certain occupations, that no one shall engage or carry on any such occupation, until he shall have obtained a license as provided by the statute, it is an expressed prohibition without more particular words." Hall v. Bishop, 3 Daly (N. Y.) 109. The statute here in question expressly prohibits the carrying on of the business without the prescribed bond and license. It is manifestly not designed, with a mere nominal license fee of $1.50, to collect or enforce revenue, but is primarily and almost solely intended to protect a great mass of the borrowing population from improper or irresponsible dealers, who might otherwise unduly profit from their distress and necessity. Similar legislation has been recognized by the Court of Appeals of Maryland in Wight v. B. & O. R. Co., 146 Md. 66, 75, 125 A. 881, 884, 37 A. L. R. 864, to be a proper and legitimate exercise of the police power of the state. As was there said:

"In the very nature of the thing, money lending or wage brokers carry on a business public in its nature, and dealing with necessitous persons often incapable through ignorance or the impelling force of their needs from protecting themselves have opportunities for extortion and unfair dealing which, unless restrained by proper and reasonable regulation, they may use to the detriment and injury of their patrons."

Nor is it necessary that "a statute should impose a penalty for doing or omitting to do something, in order to make a contract void which is opposed to its operation." Gunter v. Lackey, 30 Ala. 591; McGehee v. Lindsy, 6 Ala. 16; Black v. Oliver, 1 Ala. 449, 35 Am. Dec. 38; Walker v. Gregory, 36 Ala. 180. "The imposition of a penalty by statute is only material, in that it shows an intention upon the part of the Legislature to prohibit the act penalized. It is the prohibition and not the penalty that renders illegal agreements and violation of the statute." Clark on Contracts, 388; 13 Corpus Juris, 420 (Section 351), 424 (Section 356; 13 Corpus Juris, 356. The fact, therefore, that the act of 1904 contains no criminal penal provision will not, in the face of its express language and manifest purpose, defeat its inhibitions.

It is further argued on the alleged purchaser that, since the legislation and alleged business relate only to mala in prohibita, and not to mala in se, such contracts will not be avoided. This, however, is not the rule. "Formerly a distinction was made in determining the question whether the contracts were illegal between acts mala prohibita and those mala in se, but the old rule no longer obtains. Either, under all modern authorities, nullifies the contract." 6 R. C. L. 694 (99), 701 (106); 13 Corpus Juris, 420 (351); Clark on Contracts, 386. The only limitation or exception to this rule, as recognized in this state, is that the statute must not be designed primarily for the collection or enforcement of revenue. See, as to the broader rule even as to revenue statutes in other jurisdictions. Benjamin on Sales (Corbin's Ed.) par. 825.

But it is insisted that, since sections 3462 and 3463, embodying the only civil penalties contained in the act of 1904, provide merely that, for failure to observe the requirements of the act, the trangressor "shall forfeit the license and all interest charge on the loan," and, "the license under which said business is conducted shall become ipso facto void," such language must be held to comprehend within itself the entire purpose of the Legislature, and to preclude entirely any implied forfeiture or avoidance of contracts made in the absence of the required license and bond. It was this question that caused the grant of the motion for rehearing, as we desired to consider anew this point, and wanted the assistance of the able counsel who appear of record in resolving the difficulty. This contention appears without merit. As was argued by counsel for the borrower:

"This section relates to persons who have obtained a license, because it would be absurd to say that a person, firm, or corporation having no license at all should 'forfeit the license and all interest charged on the loan.'"

Likewise, the language in terms relates only to a "loan," and does not cover actual sales of wages or salaries, which are also expressly included in the prohibitory provisions of the act in question. As counsel further urge:

"If section 14 is construed to prescribe all the results that follow from a failure to obtain a license, then an unlicensed person, under the act, stands in a better position than a person having a license. The unlicensed person, therefore, would be subjected to less punishment than the licensed person. This would result in an absurdity. It would thus follow that there would be no reason for any person to comply with the act and to obtain a license, and there would be no means whatever provided in the act for its enforcement. It would render the act a nullity, and in effect nullify all its provisions. Every law is to be given a reasonable interpretation, and the policy of the law is to be gathered from the intention of the law making power in the passage of the act. The act itself expressly and in terms prohibits the carrying on of this business by unlicensed persons. Under all the authorities this prohibition clearly shows the legislative intent to make the business when carried on by an unlicensed person contrary to law, and all contracts made in violation of the statute and of the policy declared therein void and unenforceable. To so hold renders the act reasonable and effective. The holding to the contrary would make the act unreasonable and ineffective, and would impute to the law making power the doing of a vail and idle thing."

After full consideration of the additional contentions and arguments presented on rehearing, the original judgment and syllabus are adhered to.

Judgment adhered to.

Stephens and Bell, JJ., concur.

LEVELING THE PEAKS AND VALLEYS OF BUSINESS

Old jokes concerning "lying statisticians and statistics" fall flat in the face of our present need of more and better factual data in modern business management and intelligent industrial control.

Trade associations can render to their members no more valuable service than perfecting their methods of gathering, compiling and reporting to them and making available to the government and public, current figures which will give a composite picture of what is going on in the industry. It is on the basis of such facts that not only the producer, distributor and consumer may act intelligently but also the Secretary of Commerce is enabled to report the trends of industry and business.

The peaks and valleys of supply and demand in commodity markets—sometimes called the "ups and downs" in business—are due in no small degree to the lack of dependable figures to guide or influence judgment in the individual regulation of production and distribution. Individual errors in estimating or guessing as to production, shipments, stocks, etc., in the aggregate often culminate in overproduction and the stagnation of distribution in many lines, to the great loss and detriment of all concerned—unemployment and market demoralization are some of the by-products.

Why don't we have these vital figures?

The answer is, we do, in a number of outstanding and successful lines which appreciate their value—but with the remainder the chief reason is the unwillingness of business to give up its figures because it has not fully realized the value and use of statistics in business management.

Secondly, and also most important, is the fact that too many forms used for presenting these facts have been arranged to gratify the ambition of the statistician and fail to convey the information readily assimilable by the average business man—they are too complicated.

The task of the Trade Association in dealing with this problem is twofold.

First—to convince its members of the great value of developing vital facts as to what is going on in the industry and the practical use which may be made of them in control and management.

Second—since the Supreme Court has stamped with its approval the gathering and distribution of trade statistics as information, as a legal and legitimate activity for trade associations to engage in, associations should reconstruct where necessary, their machinery and methods of developing and reporting facts of interest to those concerned.

Further, that it is desirable that these reports be standardized to an extent which will make them reasonably comparable with those in allied lines, thus rendering an additional service.—*Chamber of Commerce U. S. A. Bulletin.*

OFFICIALS WARNED OF "LOAN SHARKS

Dyer Declares Lenders Are Using Federal and D. C. Employes to Cover Up

Learning that the loan shark law is being violated by wholesale throughout the scores of Government establishments in Washington, with many thousands of District and Federal employes fleeced of a large percentage of their pay, Representative Dyer, Republican, of Missouri, author of that law, is writing to the chief clerk and other officials in each department or establishment of the Government advising them to warn their personnel.

The loan sharks, Mr. Dyer says, are using certain Government employes to cover up their own unlawful activities in loaning many thousands of dollars a week at usurious rates of interest. He is anxious that all people of the National Capital may be informed fully about the law and protect themselves under it against the loan sharks.

Violations of the law will be brought by him to the attention of the proper officials in the District in his campaign for enforcement.

One of his letters of warning was sent to Bertrand Acker, chief clerk of the Department of Interior, and reads as follows:

"I beg to inclose herewith a copy of public act No. 359, and invite your special attention to same. It has come to me that this law is being violated through using certain employes of the Government in certain departments in Washington.

"I think a word from you to the employes in your department that any one directly or indirectly violating this law will be dismissed from the service would have a good and wholesome effect. Some money sharks under cover I am sure are using employes to carry on this nefarious business that we thought we put an end to some years ago in the enactment of the law referred to. As I was the author of this legislation, I am anxious for it to give the best possible results for the good of the people of the District of Columbia."—*The Sunday Star, Washington, D. C., Jan. 10, 1926.*

CONNECTICUT

EXTRA!!

In Connection With Our
Spring Meeting

DINNER DANCE FROLIC
Ballroom, Hotel Taft, New Haven

Music Furnished by
The Leader of Shubert Theatre
Orchestra

Speakers: Best in the Industrial Loan
Business

Wednesday, March 24, 1926
(Rain or Shine)

*Bring a Guest—No Questions Asked—
Or, Bring the Wife*

Assessment, $5.00 Each Person, and
Worth It—(Informal)

The business meeting will be called to order promptly at 10:30 a. m......Adjourned at 1 p. m......Reconvene at 2:30 p. m., and quit at 5:30 p. m.....The dinner and speaking will start at 6:30, followed by dancing at 9:30

* * * *

After 6:30 there will be a strictly social affair, including several real good speakers with music during the dinner. The best dance orchestra in this part of the world will entice you to do your stuff......Here is an opportunity to dance with your stenog—without your wife getting sore and, besides the arrangement committee have "some" program to put on. Honestly, I know you would sooner lose a leg than to miss this affair. DON'T FORGET that you and your service staff are expected to be on the job with the wives or sweethearts with the privilege of guests.

Under separate cover we are sending you your quota of six (6) tickets and a request to please notify your secretary as to how many more you will require as we must know how many to expect. It will be impossible for us to handle more than 3,000 couples, so make your returns early.

This is the first affair of this kind in Connecticut and it must go over big—I MEAN BIG, and to do this we are counting on your coöperation.

Wm. J. Miller, *Secretary.*

AMERICAN "THANK YOU" LEAGUE

Will You Sit Up, Smile and Consider? "Thank You"

Will you say "Thank You"?

Will you ask your family, friends and employes to say "Thank You"; urge all with whom you come into contact to voice that short and simple expression of appreciative courtesy?

It's a simple thing to *ask* and an equally simple thing to *do,* yet the rewards will be large, and almost immediate, for courtesy is the road to friendship.

Not alone is the courteous custom of saying "Thank You" the hallmark of gentle birth, thoughtful training and a kindly nature, but it is an evidence of wisdom—it opens closed doors, breaks down sales barriers and *swells dividends.*

Don't overlook that fact. If you can't or if you won't say "Thank You" simply because it is the kindly, correct and graceful thing to say, say it *because it will make friends and sell goods.*

And yet foreign editors and returning travelers charge that we, as Americans, have so far forgotten the "Thank You" of common politeness that we are charged, as a nation, with intentional rudeness or crude ignorance.

Is the Charge True?

Is it possible that we of the land that supposedly leads in enlightenment lag behind in the observance of the commonplace amenities of everyday business and social intercourse? If so the time has arrived to bring about a change.

Will you say "Thank You"?

Thank You! We knew you would. And will you do even more in this determined effort to refute this charge of national impoliteness?

Will you sign the enclosed card and thereby become a well-wisher and an abettor of an organization that has as its sole purpose the wider dissemination of the exchange of a common courtesy? An answer, supplemented perhaps by an opinion, or a suggestion, would prove that you are in sympathy with this cause. It would be helpful.

Will your answer come soon? We believe it will, and because of that belief, we say "Thank You."

Very truly yours,
Roy Crandall,
Corresponding Secretary.

P. S.—There is absolutely no cost to you.—R. C.

American Thank You League,
Room 1526, Allerton House,
East 55th St. and Madison Ave.,
New York City.

CURBING OF SPECULATION IS UP TO BANKERS

New York, Jan. 25.—Fearful of present speculative tendencies, J. H. Tregoe, Executive Manager of the National Association, in a statement issued to the 30,000 members of the association today, points out that bankers can correct almost overnight any dangerous business tendency, but that there is a temptation in some banking circles to neglect the safeguarding instinct for the money-lending instinct.

"My respect for the power of our banking institutions is most profound," Mr. Tregoe's statement reads, "but I feel that in too large a number of instances the money-lending instinct, rather than the safeguarding instinct, is uppermost and eventually plays havoc with credit.

"I don't know at present of a single dangerous tendency in the present business situation that could not be corrected almost overnight if bankers' judgments directed them toward tightening the purse strings. In no business institution is it so important that credit fundamentals should be understood and lived up to as in the bank. A slip in banking judgment or an indulgence of speculative tendencies exacts a heavy price and is far more serious than the mistakes in judgment made by credit departments in appraising the safety of buyers. Our organization can work day in and day out against injurious or unwise practice, but, if the banks help to keep these practices alive, our work and preaching will be in vain.

"Preaching has its merits and its compensations but it is a religious force alone and its powers to change people and correct unethical trends is a slow process usually and after generations the inventory of results in many instances is negligible.

"As I have browsed for more than four decades in the fields of business, I have learned to realize that the greatest power in the business field is the banker. Where there are errors to correct, unwise tendencies to check and reforms to bring about, preaching alone is a slow process whereas the dictates of the banking fraternity can operate immediately. As the nation's reservoirs of credit, banks exercise extensive powers, and as such they are prime ministers to many of their borrowers. Business could not function without these reservoirs of credit that are just as necessary as the reservoirs of water to the sanitation and life of a community.

"The powers of our banking institutions have grown enormously in the past fifty years. In 1876 there were 2,086 national banks with a combined capital of 505 millions; deposits of 629 millions, and loans of 963 millions. Their circulation was 315 millions and their specie holdings only 17 millions.

"In 1921 there were 8,155 national banks with $1,276,000,000 capital and $1,566,000,000 surplus and profits. Loans of $10,978,000,000; deposits of $12,144,000,000 and circulation of $705,000,000.

"The national banks have made more progress since 1921 and all of the commercial banking institutions of the country show total resources exceeding many times the resources of fifty years ago. When the nation began to expand its borders into the Northwest and the Southwest, land speculation became rife and there was an orgy of it in the first two decades of the Nineteenth Century. The banks of those days did not restrain the speculative tendency but helped it along. The crash came in 1919, overwhelming many mercantile and banking institutions. I can find in all our industrial and financial history no great disaster that cannot be accounted for largely by some lapse of banking judgment. This was patent to us in 1919 when the speculative fever gripped so many of our banking institutions which helped to bring about a condition with disaster and wreckage in its wake.

"If we are going too far in our speculative tendencies and the banks are willing to loan funds for speculative purposes, what matters it how much we may preach against this tendency? The condition will continue merrily until the crash and the day of reckoning come."—*National Ass'n of Credit Men., Dept. of Public Relations.*

WANTED: LOAN MANAGERS AND ASSISTANTS

Middle aged men (married preferred) with Chattel or Salary Loan experience, capable of managing a Chattel or Salary Loan office, with company operating a chain of offices. Permanent position and attractive wages.

Address, confidentially, giving full details, experience, etc., L. A. Wagner, 306 Caswell Block, Milwaukee, Wisconsin.

A PRACTICAL SCHOOL IN MODERN LOAN OFFICE OPERATION

A Message to Loan Men:

Do you know that the number of Loan Offices in the United States has doubled in the last six years, and trebled in the preceding six?

Do you realize the advantage of augmenting your natural aptitude and the wisdom you are acquiring by personal experience by practical, weekly instruction that covers every phase and detail of loan office operation?

Wouldn't you like to be able to study the methods of men who are nationally known for their ability to lend money to strangers and *get the money back?*

We now are enjoying contact with hundreds of loan men who are on the firing line. They say that our lessons are easily understandable, and helpful.

Competition is keen, and the opportunities are great for men who have the foresight, ambition, and the will to win.

We have a flat rate of $4.50 per month for student fees for our yearly course of ten months, and consists of 43 lessons issued, one each Monday.

Fill out the coupon below, attach your check, and your first lesson will reach you by return mail.

Industrial Lenders Technical Institute
170 Broadway, New York City

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name ....
Position ....
Employed by ....
Street and Number ....
City and State ....

IL

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 10. APRIL, 1926. Price, $1.00 a year.

MEETING SCHEDULE

MICHIGAN—Saginaw, April 14.

RHODE ISLAND—Providence, Biltmore Hotel, April 16.

ILLINOIS—Chicago, Palmer House, April 30.

NEW YORK — National Executive Committee, Russell Sage Foundation, New York, May 5.

PENNSYLVANIA — Philadelphia, City Club, May 6.

MARYLAND—Baltimore, May 11.

INDIANA—Indianapolis, Claypool Hotel, May 19 and 20.

CONNECTICUT — Waterbury, June 16.

VIRGINIA—Norfolk, June 25.

TENNESSEE—Whittle Springs Hotel, Knoxville, July —.

THE LIBRARY OF THE
1926
UNIVERSITY OF ILLINOIS

LOAN SHARK IS NOW VANISHING

Russell Sage Foundation, Supported by Money Lenders, Has Helped Put the Trade on a Sound Basis

By Elizabeth G. Stern

The lending of money on a large scale is a great enterprise, part of the business of banking, but the lending of money on a small scale has for many centuries been held to be a disgraceful thing. Its practices have been considered part of the shameful forces of society, and with justice. Some of the most poignant tragedies of the self-respecting poor in our great cities have come through those secret little offices where money is lent "without security" and in small amounts. Some of the most bitter oppression has been practiced by merciless money lenders whose prey usually has been the workingman's earning, let us say, a thousand dollars or so a year, with a family to support—sudden emergencies of sickness, unemployment or accident forcing him to seek some means, however costly in the end, to obtain loans.

This workingman has no property to offer as security, nor has he bonds or stocks. Therefore he cannot borrow from the banks. He has only his "character," his wages, his scanty household goods and his promise to pay. The one man who would lend him money on these terms is the man at the loan office. And so he has been obliged to submit to whatever extortionate terms were set for him.

Most of the loans were for sums under $300. But until recently the business of making these small loans has been subject to the same rules of law as the lending of larger sums. Legally, a lender could not charge more than six per cent. (or whatever the contract rate in his particular State happened to be), but actually laws for scores of years had not troubled the lender. He made his own terms; his business was carried on outside the law.

New Law in Fifteen States

Ten years or so ago newspapers were full of the rapacity of the loan sharks. The man engaged in lending money to the poor was out for all he could get. The term "loan office" was justly an epithet of disgrace, from which decent citizens turned. But in the last ten years there has developed a "small loan" business run by men who are doing their work not as a philanthropy, but for profit, not for sentimental reasons or for "uplift"—and yet holding to a high ideal of business ethic sponsored by a great social service agency.

The social service agency is the Russell Sage Foundation. The lenders working with it are members of a national organization called the American Industrial Lenders' Association, which, since its formation in 1916, has been influential in having passed and enforced the Uniform Small Loan law, worked out by the foundation. This law has made a revolutionary change in the lending of money to the working men of the country. In fifteen States the law has already been passed. In eight more part of its provisions exists. The lenders' organization itself, through its Chairman, E. P. East, and L. C. Harbison, the Legislative Chairman, has been working for this law.

Perhaps the best way to understand the import of this change is to recall the so-called "small loan business" as it was practiced in the past. Confusion, secrecy and lawlessness were its characteristics. When, fifteen or so years ago, public inquiry was made into the business, it was shown that poor people were paying from 10 per cent a month to 1,700 per cent a year for the small sums they borrowed. Payments were so twisted that a man could pay endlessly for a sum once borrowed. A smart money-lender could make a slave of the wretch once in his clutches. In 1910 the Russell Sage Foundation decided to study the situation. Its proposed laws were the result of this investigation.

Dr. Louis N. Robinson, formerly head of the Department of Economics at Swarthmore College, since 1923 has been surveying the small-loan business, its history and processes before the reforms suggested by the foundation were inaugurated, and the results of those reforms in the past ten years.

Extent of the Trade

Dr. Robinson finds that, contrary to opinion, the "small-loan" business is not a business of the East particularly, but flourishes most, whether East or West, in large industrial cities. The farmer requires another sort of lending agency. The loan offices were usually started by individuals who often developed chains of offices, scattered through a city, a State or larger territory. There were no companies; no stock was sold. Each man conducted his business in secret. Neither the public nor the money lenders themselves knew anything about the size of the business as a whole and little of its relation to money lending in general. The only organizations existing among small lenders were the banding together of the money lenders in a few cities to black list customers known as "bad pay," and these lists were kept secret. The rates of interest were fixed, as were the terms of payment, by the will of the money lender.

"The rates," says Dr. Robinson, "varied considerably. One large 'chattel-loan company, which had offices in many important cities in East and Middle West, charged 10 per cent a month on loans under $50. One 'salary-loan' man who had been in the business in the old days before any reform was made told me that legitimate firms' took 10 per cent a month interest—that was a conservative rate. Newspaper investigations revealed that Boston lenders charged all the way from 3 to 10 per cent a month. Kansas City 15 per cent straight, Philadelphia 20 per cent. In Pittsburgh you might pay from 72 to 300 per cent a year, and in Chattanooga from 200 to 300 per cent, whereas in Indianapolis it was 1500 per cent, and in New Orleans it shot from 600 to 1700 per cent a year. It depended on what the lender thought he could get in interest entirely. A workingman who would borrow, let us say, $100 to pay a doctor's bill, might pay a money lender seventeen times as much as his original loan and still owe the principal in the end."

However, it was apparently not only the original loan which the borrower carried, and for which he paid interest. "Most loans," Dr. Robinson found, "had of course to be renewed. Sometimes, when a poor fellow had paid his loan over and over again and began to protest at the charges and interest on the accumulated amount (though it took courage to do this), the common practice of the lender was to switch his loan to another branch office, ostensibly to another lender,

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W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

as the borrower would think. This meant new payments and added interest again."

WAGES AS SECURITY

Most frequently money was lent on so-called "salary security," for which the lender could take the borrower's salary in payment. Not only could he take a man's wages after interest had covered the loan again and again, but if he found the man protesting or "slow," he could cause the unfortunate to lose his job in addition. For the lender would go, as an extreme measure, to the borrower's employer. And employers felt that a worker who sought the loan offices was extravagant and undesirable as an employe.

"We have been studying the records sent us by loan offices in seventeen States," said Dr. Robinson. "We received 10,000 such records filled out, each month, through the coöperation of the prominent lenders. Our study shows that the two original causes that bring people to ask for these small loans are the universally human ones—sickness or death in the family, and loss of a job."

The 10,000 questionnaires received by Dr. Robinson in the course of his survey reveal that money is borrowed to pay bills for medical expenses, coal, clothing and rent, furniture, assistance to relatives and the education of children. The largest sums borrowed in the small loan offices is for doctor's bills.

These loans constitute a "demand" in the economic sense; that is, as Dr. Robinson points out, the people who want loans can pay for them. Over four-fifths of the borrowers studied were found to be native-born white people, born and reared amid American surroundings. The people who come to loan offices are not, therefore, beggars or disreputable people, but hard-working and honest and reliable.

MOVE FOR REFORM

Philanthropic societies dabbled in the problem. Churches, lodges, employers, groups of citizens, made loans to needy borrowers, asking a moderate interest or even none. Newspapers made war on the loan sharks. Determined but spasmodic efforts were made to drive them out of the cities, and their offices were raided by police. Lenders were haled into court. States passed special loan acts.

As a result of all this, "remedial loan associations" were established. They performed an admirable service. Those who helped to raise the capital of these societies were largely board members of other philanthropic societies in their cities, men interested in the work not as a business measure but as a public service.

But it was apparent that remedial loan societies could not obtain enough capital to supply the demand. There was need for a business basis in the making of small loans. The man who applied for loans earned from $30 to $35 a week, the woman from $15 to $20. They were obliged to pay in small weekly or monthly sums. There was no reason, Dr. Robinson points out, for this business to be run as a philanthropy.

In 1914 the Russell Sage Foundation helped to enact in New Jersey a law that struck a direct blow at the loan shark. It cut off the business of making small loans from other forms of lending, and made it possible for a lender to make small loans in a decent, dignified way within the law.

Lenders who had long lived outside the law found they could do a reasonable business under the new law. They decided to help toward a legalized, supervised, small loan business in which they could engage and not be ashamed. In 1916 a group of loan men met in Atlantic City and sent a letter to the Russell Sage Foundation inviting its assistance and advice.

NEW JERSEY LAW

This group adopted a platform the first plank of which was the welfare of its members, and the second, "to protect the borrowing public against extortionate practices." The Russell Sage Foundation sent a representative to the meeting. Other conferences between the two groups followed and out of them was finally evolved the principle of the so-called Uniform law.

Since the drafting of the Uniform law the new American Industrial Lenders' Association has consistently preached and worked for the principles and methods set by the Russell Sage Foundation for the business. It has pushed the enactment and enforcement of the Uniform Small Loan law, which has brought a new era into this business, Dr. Robinson points out. The law provides that interest shall not be more than 3½ per cent a month; no fees, commissions, charges, shall be demanded; interest shall not be collected in advance or compounded, and shall be reckoned only on balances. The lender must be licensed by the State and his business supervised. Not more than a tenth of a man's salary can be taken at one time for debt. Punishment for extoritionate interest is not, as before, only the loss of interest or or excess interest, but a fine of $500 and six months in prison.

Deceptive advertising for the most part has been eliminated. Standard forms of application are used. The secret doorway is discarded. And, best of all, the cost to borrowers is less than a third of what was charged by the best of the old-time loan sharks.

The small-loan business has come into the open. It calls itself now the business of "industrial lending." The offices look much like small banks. Corporations to do small-loan business are now organized, and stocks and bonds are offered to investors. Where previously the goal was to make a fortune through the sharpest method conceivable, the aim of the new type of men engaging in the business, Dr. Robinson finds, is to make profits by financial service at reasonable cost to the borrower. Married people go to the loan offices to borrow money for their homes, small business men also.

The national and State organizations of lenders now hold public conventions which are addressed by prominent men. Various phases of the business are discussed openly at these meetings, and the public has opportunity to acquaint itself with its nature.

"The making of small loans," says Dr. Robinson, "was always a necessary business, but because it had no proper legal setting, it was carried on outside the law. The Uniform law has made it a legal business, and by bringing it into the open has raised its standards with its status."

While the greater number of States having large industrial cities have enacted the Uniform law, there are still some which have not yet taken the step. Dr. Robinson believes it is prejudice, combined with a mistaken notion of how the business is carried on, that stands in the way of their doing so. The Russell Sage Foundation's Department of Remedial Loans, under the direction of Leon Henderson, is urging the extension of the Uniform law.

—*New York Times, March 7, 1926*

CONNECTICUT

The Spring Meeting and First Annual Dinner and Dance Was Held at Hotel Taft, New Haven, March 24, 1926

The meeting was called to order at 11:15 A. M. with chairman McMullin presiding, followed by the usual order of business.

Roll Call showed the following members present:

R. L. Bumsted, New England Equity Corp., Bridgeport.

E. H. Sanderson, New England Equity Corp., Hartford.

L. W. Scarpa, New England Equity Corp., New Haven.

A. P. Bouchard, New England Equity Corp., Waterbury.

H. M. Dunbar, New England Equity Corp., Norwich.

L. W. Merritt, Beneficial Loan Society, New Haven.

R. E. Keily, Beneficial Loan Society, Bridgeport.

J. T. Farrell, Beneficial Loan Society, Waterbury.

F. W. Pape, Beneficial Loan Society, Norwalk.

J. A. Brennan, Beneficial Loan Society, Stamford.

D. W. McGray, Beneficial Loan Society, New Britain.

W. J. Miller, Beneficial Loan Society, Hartford.

H. M. Valentine, Beneficial Loan Society, Meriden.

E. Sterry, Beneficial Loan Society, New London.

T. C. O'Brien, Equitable Industrial Loan Society, New Haven.

A. L. Carlson, Equitable Industrial Loan Society, Waterbury.

H. G. McMullin, Equitable Industrial Loan Society, Hartford.

H. Holm, Personal Finance Company, Ansonia.

F. N. Plummer, Personal Finance Company, Bristol.

R. E. Bernhardt, American Loan Company, New Haven.

C. H. Elder, National Loan Company, Hartford.

Mr. Reuter, Newark Cash Credit Company, New Haven.

A. Canter, United Loan Corp., Bridgeport.

J. Miller, Fidelity Loan Corp., Bridgeport.

M. J. Connors, Peoples Loan Society, Waterbury.

Among the guests who honored us with their presence were Messrs.

Chas. H. Watts, Beneficial Operating Bureau, New York City.

A. G. Zimmermann, Beneficial Operating Bureau, New York City.

H. A. Morgan, Beneficial Operating Bureau, New York City.

A. G. Mordhardt, Beneficial Operating Bureau, New York City.

H. P. Stephenson, New England Equity Corp., New Haven.

H. J. Desormaux, Massachusetts State Chairman, and last but not least Mr. Leon Henderson of the Russell Sage Foundation of New York City.

Report of the Secretary

The secretary read numerous letters from neighboring state chairmen regretting that they would not attend.

A telegram from E. P. East who could not be present.

Report of the Treasurer

The report of the treasurer showed that the Association's finances were in very good shape and the report was ordered filed.

Report of the Committees

L. M. Merritt, chairman of the entertainment committee, reported everything in readiness and complete in every detail for the dinner to be held at night.

T. C. O'Brien, 1925 chairman of the membership committee, was reappointed by the chair and reported two new members. It was regularly moved and seconded that the Public Loan Company of Stamford and Norwalk be made new members.

A. G. Zimmermann reported for the publicity committee and stated that the Association start state wide advertising with educational matter.

The secretary read two articles form the New Haven Courier pro and con with regard to the industrial lender.

There was a lengthy discussion between Mr. Zimmerman and Mr. Watts regarding rates.

F. N. Plummer, Manager of the Personal Finance Company of Bristol, Conn., read a very interesting paper prepared by him on advertising.

Mr. Connors was appointed state chairman of the publicity committee, advertising in newspapers all over the state similar to that the Georgia and Indiana Associations and is to have on his committee Messrs. Zimmerman and Stephenson. They are to compile information regarding this propaganda and report at the next meeting. The plan in brief is as follows:

Advertising to run in twelve cities for three months' trial at an approximate cost of about $30.00 for each loan office and to appear twice a month. Committee to procure a seal to be used.

J. Miller talked at length regarding his collection troubles, asking numerous questions and were answered by various members including Mr. Watts and Mr. Henderson.

The morning session adjourned at 12:45.

Afternoon Session

Unfinished Business

Progress was reported in the organization of the Bridgeport Exchange and that they have held two meetings attended by the Beneficial Loan Society, New England Equity Corp., and the Mutual System Company. A set of by-laws was sent to Mr. East so that his company might approve of them but owing to the illness of Mr. East they were not returned. The matter was discussed by Messrs. Zimmerman, Bumsted, Miller and Watts and it was suggested that the committee continue with Mr. Bumsted as chairman.

Mr. Watts gave a short talk relating to the advisability that the members keep in mind the coming elections. Mr. Henderson spoke on this subject also and touched on the laws in various states and foreign countries. It was regularly moved and seconded that a rising vote of thanks be given to Mr. Henderson.

T. C. O'Brien read a paper prepared by him entitled "Collections versus Good Will" and a rising vote of thanks was tendered to Mr. O'Brien.

New Business

Mr. Watts brought up the subject of whether Connecticut Assn. was in favor of making it possible that being a member of C. I. L. A. we would automatically be a member of the American Association. The cost of which was to be determined by the National Convention at Cleveland. The matter was discussed by Mr. O'Brien, Mr. Stephenson and Mr. Cantor and the Assn. went on record as follows: In principle we approve that yearly dues pay both state and national dues and that the delegate who attends the convention be instructed to so vote.

Afternoon session adjourned at 4:30. Next meeting to be held in Waterbury.

FIRST ANNUAL BANQUET

Connecticut Industrial Lenders' Association, Hotel Taft, New Haven, March 24, 1926

At 7:00 P. M. Wednesday, March the 24th, the first annual dinner and dance got under way, attended by 152 members and their guests with Charles H. Watts officiating as toastmaster. The Rev. Richard H. Clapp, pastor of the United Church of New Haven, pronounced the invocation and later in the program delivered a speech on the Small Loan business. He stated that he was both pleased and entertained at being invited as it opened a new situation to him as previously he had known of this form of the loan business. He recalled "A hard boiled, hard shelled Yankee loan shark" in his small home town and said that common human decency was what is needed in business, especially as three-fourths of the people can't do business in the usual commercial way and said he was sure that we filled that need.

Both Mayor John B. Tower and Bank Commissioner were confined to their homes by sickness. Thomas A. Tully, President of the board of aldermen, spoke for the mayor, saying, "It is a fine thing for people carrying on any line of business to get together and compare notes. In the old days when competitors went after rivals in business with a blackjack and a gun I can very well recall, but there has been a change in practically every form of industry and these meetings give satisfaction to those who find they are ahead of the game and stimulus to those who are behind." With these words he then welcomed to New Haven the some 150 from all parts of the state.

Lester Shippee, deputy bank commissioner, spoke for Commissioner Byrne, declaring that the small loan business has been on a higher plane since the Small Loan act has been passed and since the Connecticut Association organized in an effort to police the business. The guests voted unanimously, following Mr. Shippee's short speech to send a telegram to Mr. Byrne expressing their regrets at his illness.

Leon Henderson, associate director of the remedial loans department of the Russell Sage Foundation of New York, sharply criticized the firms in credit business calling them "credit loan sharks." In introducing Mr. Henderson, Toastmaster C. H. Watts, stated that the Russell Sage Foundation used to be the bogey-man of the money lenders but now the small loan men and the foundation were endeavoring to so regulate the small loan business that they were mutually admiring each other. During Mr. Henderson's very interesting address he spoke on tolerance, saying, "Tolerance is needed in the small loan business and you are gradually approaching the true and perfect worth of tolerance as a gauge is being developed and applied. Tolerance of viciousness and ignorance is becoming less and less and men in your business who will not fit the gauge will automatically drop out for they will not be tolerated." Referring to the installment business Mr. Henderson said, "The foundation is interested in the small loan business as a social proposition. The Russell Sage Foundation undertakes to maintain representation of the small necessitous borrower and enable him to maintain his independence. Very few people have touched on the cost to the necessitous buyer and the difference between the cash price and that on the installment basis. Recently I was struck with this particular thing when I realized that these men are not selling merchandise but are selling credit and are credit loan sharks. There is something unholy and most unrighteous in demanding usurious rates for credit, and it cannot help but be a serious prejudice to a family's standard of living when at the beginning of the year from 25 to 30 per cent of his income is signed away."

Dancing and singing were furnished during the dinner by the Misses Foreto, Lucelle Gagliardi, Lillian Brooks, Irene Dalton, and Lucia Cavallaro, while Stevens Wuilchynski played a violin solo.

Following the dinner and the speakers dancing was the order of the night which lasted until midnight.

The entertainment committee included: L. W. Merritt, chairman, A. G. Zimmerman, H. P. Stephenson, F. G. Reuter, L. W. Scarpa, R. C. Bernhardt, and T. C. O'Brien.

The reception committee included Wm. J. Miller, chairman, H. A. Holm, A. L. Carlson, and the Misses Karin Nielson, Francis Finnerman, and Florence Brandt.

Among the honored guests present were Mr. and Mrs. Leon Henderson of New York, Mr. Lester Shippee, Hartford, Mr. and Mrs. H. P. Stephenson, Mr. and Mrs. A. G. Zimmerman of New York, Mr. Harry A. Morgan of New York, Rev. Richard H. Clapp, Thomas A. Tully, and Gustave Fischer of Hartford.

Among the members and their guests included: Mr. and Mrs. H. A. Burchard, Waterbury; Mr. and Mrs. A. L. Carlson, Waterbury; Mr. and Mrs. S. A. Belanger, Waterbury; Mr. and Mrs. E. A. Sanderson, Hartford; Margaret Coughlin, Hartford; F. N. Plummer, Bristol; Edw. Connelly, Bristol; Albert G. Morhardt, New York; Alex. Murchie, New York; Mr. and Mrs. R. C. Bernhardt, New Haven; Connie Nielson, New Haven; Marie Carlson, New Haven; R. D. Bumsted, Bridgeport; R. K. Bumsted, Bridgeport; John M. Carrick, Bridgeport; Blanche Feinstein, Bridgeport; Bessie Reach, Bridgeport; Mr. and Mrs. A. C. Moreau, Hartford; Mr. and Mrs. J. A. Farrell, Waterbury; Mr. and Mrs. A. A. Martinson, Waterbury; Francis Nonnan, Ansonia; Gladys Gate, Shelton; Clinton Rose, Waterbury; Madeline Barrett, Waterbury; Mr. and Mrs. D. W. McGray, New Britian; Laurette Bielman, New Britian; Lewis Beilman, New Britian; Edna Palmer, Ansonia; Walter P. Smith, Meriden; Phyllis Birdsey, Meriden; Edna Chamberlain, Meriden; Mr. and Mrs. H. W. Valentine, Meriden; Mr. and Mrs. A. E. Dejon, New Haven; Margaret Jacobs, New Haven; A. C. Holm, New Haven; Mrs. L. W. Merritt, New Haven; Mr. and Mrs. Henry Holm, New Haven; A. Kanter, Bridgeport; Max Miller, Bridgeport; Maurice Feinstein, Bridgeport; Jacob Miller, Bridgeport; Rose Miller, Bridgeport; Captain and Mrs. H. R. Fletcher, New Haven; Mr. and Mrs. L. J. Leonard, New Haven; F. G. Reuter, New Haven; Mrs. Sophie Reuter, New Haven; Miss Edna Reuter, New Haven; Mrs. Meta Gilbert, New Haven; Roy Webster, Jersey City, N. J.; Otto Wuest, Newark, N. J.; H. M. Dunbar, Norwich; E. G. Andrews, Boston; Mrs. Leon Henderson, New York; Mr. and Mrs. M. J. Connor, Waterbury; Wm. Keilty, Waterbury; Miss R. A. Keilty, Waterbury; Mary Neary, Waterbury; Minnie Mott, New London; Mr. and Mrs. Edw. Sterry, New London; Mr. and Mrs. J. Fitzpatrick, New London; Mr. and Mrs. Wm. Coss, Norwalk; Mr. and Mrs. Fred Pape, Norwalk; Mr. and Mrs. Jos. Brennan, Stamford; Mr. Edw. Nollman, Stamford; Marcella Fawcett, Stamford; Miss Alberta Jaudrey, Bridgeport; R. W. Roberts, Bridgeport; T. C. O'Brien, New Haven; H. G. McMullin, Hartford; Mr. and Mrs. P. Tracy, Hartford; Mr. and Mrs. Elder, Hartford; Alice Ryan, Hartford; H. J. Desmoraux, New Bedford, Mass.; Evangeline Istas, New Haven; G. J. Lennon, New Haven; L. W. Scarpa, New Haven; Mrs. L. W. Scarpa, New Haven; Barbara Foreta, New Haven; Ruth C. Robbins, New Haven; A. E. Robbins, New Haven; Genevieve Foreto, New Haven; J. J. Shea, New Haven; Mrs. D. M. Stephenson, New Haven; Florence Brandt, New Haven; Frances Lister, Bridgeport; Bert Wilson, West Haven; Irene Dalton, New Haven; Lillian Brooks, New Haven.

THE CONNECTICUT LENDERS BANQUET AS OBSERVED FROM THE SIDELINES

Connecticut's first big eats and jig got a flying start under the guidance of Charles H. Watts as toastmaster, and we heard confidentially that Mr. Watts is a charter member of the toastmasters union and when it comes to toasting he sure does things up brown.

After invocation was offered by the Rev. Raymond H. Clapp, of New Haven, the first speaker introduced was Thomas Tully, who pinch hit in place of John Tower, the mayor of New Haven, on account of the mayor being sick. As usual Mr. Tully gave us the key to the town but from what I observed some of the boys were around to the family entrance of the city hall early in the afternoon and already borrowed the key and as possession is nine points of the law they proceeded to paint things red.

The next speaker who is dear to the hearts of all Connecticut lenders was Mr. Lester Shippee, Deputy Bank Commissioner, who spoke in place of Mr. J. B. Byrne, the Bank Commissioner, who was very ill. A telegram was sent to Mr. Byrne wishing him God speed in his recovery.

The last speaker introduced by the toastmaster who like all good banquets was Mr. Leon Henderson, Associate Director Russell Sage Foundation of New York, and Mr. Henderson made 151 warm friends. Mr. Henderson was the principal speaker of the evening and was received very well.

While the hotel was feeding 152 hungry folks, some of which had not eaten for two or three days in anticipation of this affair and let me say right here that New Haven sure knows good eats, a very fine entertainment was provided which included several splendid soprano solos which were particularly enjoyed by both the toastmaster and an official of the New England Equity Corporation and would you believe it these two hardened loan men actually blushed and the latter started to smoke his cigar putting the lit end in his mouth first which proves he was excited. Another feature of the entertainment was a clever little toe dancer who afterward burned up the floor with the best exhibition of the Charleston we ever saw, who was followed by both a piano and a violin solo.

Dancing followed the speakers and it was a real treat to see some of the old timers doing their stuff and take it from me these old timers shake a mean hot fox trot. Being that this is strictly confidential and I don't want to mention too many names I must say that those two cashiers from the Beneficial office in New Haven, who not to be outdone, staged a Charleston exhibition all their own proved that the Charleston was originated in New Haven and not below the Mason-Dixon line.

When I first hit the place I noticed that all hands were tagged and knowing that quite a few in attendance were Scotch it could not have been tag day as they would not buy tags, I was at a loss to explain it until a man stopping at the hotel and getting off at the wrong floor stood at my elbow and looking through the door asked me with a smile on his face if this affair was a reunion of emigrants as only emigrants wear tags and getting hot under the collar like all good loan men should never do I informed him what was going on and he turned on his heel and dashed off which leads me to believe he was a skip, however I think it was a very good idea as it gave us an opportunity to introduce ourselves and also gave us a chance to meet this guy face to face who we talked so many times to over the telephone, it also worked out well in another case as a gentleman walked up to me as I was about ready to go home and said, Mishter can you tell me what it says on here, pointing to his tag, and thinking he had forgotten his glasses until I smelled his breath I told him, and he said thanksh I wasn't quite sure whether I came from Norwich or South Norwalk.

Not until Home, Sweet Home was played and the orchestra could not be induced to play an encore did the majority of the guests leave notwithstanding that they had a long ways to travel. A great many folks came in their cars and some Fords were noticed and where mid-night connections could be made the others used the New York, New Haven, and Heartless although the committee had arranged a change of rubber heels at midway points for those who chose to walk.

All hands agreed that the first annual

was a huge success and the committee responsible, while they are too modest to acknowledge the fact, were none other than Lou Merritt, the genial manager of the Beneficial Loan Society's office in New Haven, and our own secretary, Bill Miller, from Hartford, the Insurance city, and Bill whispered to me that he had insured the success of the affair with one of those insurance companies who afterwards told him that if they had to pay a claim they would skin him alive or something like that which accounts for his dashing around with that worried married look although he is single but eligible (Take notice girls). If this works out all right I am going into the matrimonial agency business.

So great did the first annual go over that many expressed their desire to have these functions every other Saturday night and judging from the attendance promised for next year's second annual the committee will have to hire an armory or move the New York Hippodrome up to Connecticut and believe me these Connecticut boys could do it.

J. M. W.

WHAT THE INDUSTRIAL LOAN BUSINESS NEEDS IN ADVERTISING

By E. N. Plummer,

Manager Personal Finance Co., Bristol, Conn.

I am not going to attempt to tell you what advertising is. You know that as well as I do. No satisfactory definition of advertising has ever been evolved but, just as we know what a tree is without knowing its Latin botanical name, we know what advertising is without being able to define it.

The thing we are all interested in is not what advertising is, but what it can do for the Industrial Loan business. I believe it can do three things:

1. Bring applicants into the loan office to seek loans.
2. Increase the prestige and repute of the business.
3. Raise the status of the business by putting before loan office employees a higher ideal of service which they will be led unconsciously to live up to.

To deal properly with our first conception of what advertising can do for us; namely, bring people to our loan offices, we must ask ourselves five questions:

1. What do we want to bring into the loan office?
2. What appeal is most likely to accomplish it?
3. How can we present this appeal most effectively?
4. What medium shall we use in presenting it?
5. What is a reasonable cost per loan for advertising?

You know the class of people we want to bring into our loan offices—not householders, but housekeepers; not people with bankable credit; not those who think our business is conducted on an eleemosnary basis and consider themselves abused when asked to pay the costs the hazards of the business make necessary. The whole justification for the scientific interest rate is that our loans are risky loans. Therefore, advertising should point specifically to the class of people to whom risky loans are made; namely, people whose character is their only asset.

A woman came into one of our offices recently who had $3,500 equity in a home and asked for a loan. One of the employees of our company pointed out to her that while she could not borrow $200 from the bank with which she formerly dealt, she could borrow $300 at a lower cost than she would have to pay us for $200. She thanked him and did it.

I think some of you hardboiled loan men are amused at this, but the Beneficial Operating Bureau is sold on the fact that we must give loyal acquiescence to the spirit as well as to the letter of the Uniform Small Loan Law which is predicated on our loans being risky loans.

Our customers must always be of the class of poeple who possess no bankable credit. Otherwise, our whole raison d'etre is destroyed.

As to our second question, "What appeal is most likely to bring them in?"

I should say that primarily it must be a simple appeal. It must be attuned to the emotions rather than to the intellect. It must rely on pictures and the simplest of words.

A veteran advertising man once declared he could tell how long an advertiser had been in business by the shortness of the words, sentences and paragraphs in his advertisements. Simple, direct and colloquial language is always the most effective.

A new advertisement writer is very apt to wish to show his cleverness and learning by using complicated or stilted diction. There he is wrong. There is nothing harder than to make simple language impressive, and there is nothing so impressive as a message properly set forth in simple, easily understood language.

Here are two or three of our advertisements which have proven very effective. The first of these appeared on the classified page.

MONEY LENT *on Character*

Our friendly loan service is based on the fact that almost everyone is honest. No endorsers required—the transaction is between husband, wife and ourselves. 24-hour service. We lend up to $300 to housekeepers. Strict privacy. Only lawful interest. Call, write or 'phone.

Here is another one:

The illustration shows a little girl bending over a cash tube in a store.

The headline reads:

SHE HELPS SUPPORT HER SICK FATHER

Here is the story:

Crippled, her father in a hospital, a brace bought with a Beneficial Loan enabled her to secure employment. We are proud to have aided this brave girl to contribute to her parent's support.

WE LEND UP TO $300 TO HOUSEKEEPERS

Only lawful interest. Helpful, friendly, fair. Call, write or 'phone.

Here is one of our advertisements that mentions money, but not in a sordid way:

"The MONEY we lend you is the same as other money, but the SERVICE we give you is different from other service. A little more friendly. A little more human. A little more helpful. Call, write or 'phone.

It seems to me that advertisements such as these which appeal in simple language to the elementary human emotions such as love of home, honest pride, and sympathy with the weak and the finer side of human nature are generally more effective than such worn out and obsolete phrases as "Quick Money," "Loans on Household Furniture Without Removal," etc.

Turning to the third item under bringing the people into our loan office—"How can we present this appeal most effectively?" We should base our appeal on the fact that everyone loves to look at pictures; that all display advertising should be illustrated and the illustrations should invariably be of a pleasing and attractive character. Next to this I would put imaginative, vigorous and forceful headlines, and after this simplicity of language.

The fourth question, "What medium should we use in presenting this appeal?" I can answer with a great deal of authority. The excellent and comprehensive system of statistics compiled in the Beneficial Operating Bureau, applying to over 105 loan offices, proves beyond a shadow of a doubt that the most economical way of bringing people into our offices is by printed circulars distributed by hand; that the second most effective way is form letters; the next telephone book advertising, and the last newspaper advertising. Remember, however, this is merely on a basis of bringing people into the loan office; that we are merely examining the first of the three things that advertising is required to do.

Newspaper advertising is, therefore, not indispensable on a purely dollar and cent basis of bringing people into the office, although it is the method generally used in the small loan business.

Now, let us turn to No. 5—"What is a reasonable expenditure for advertising the small loan business?"

The average loans in offices supervised by the Beneficial Operating Bureau run between $100 and $200, and the ideal cost for a loan is $2 per loan for direct advertising and $5 for newspaper advertising. Some of our offices cost more and some less.

In the case of new loan offices, the limit that can profitably be spent to bring the customer is the amount of premium we would have to pay to purchase his account, if it were on the books of a loan company which was selling out. Therefore, as accounts of this character usually bring a premium of over 10 per cent, I should say that from ten to fifteen dollars, or even twenty dollars, is the extreme allowable cost for new business in a new loan office.

When we come to the second phase of what we desire advertising to do; namely, to create favorable public opinion, I always feel as though we were climbing into higher, purer air. If our advertising presents a true picture of our business and the way it is conducted, it can present a very pleasing picture.

Credit is not merely a matter of lending money on our part, or borrowing on the part of our patrons. It has a very definite constructive influence on the lives of the people to whom we extend it. It is our task to picture this as it really is. The economy of proper clothing! The economy of proper medical attention and so forth.

We can show instances of dependent cripples who, through a loan, have been equipped with limbs which enabled them to become self-respecting and self-supporting members of society. We can show children who have been restored to health, ailing women who have been enabled to take vacations which have restored them to robust strength. We can show people who have been started in business by a Beneficial loan; homes saved, and hundreds of other pleasant and constructive things which our money credit system has brought to our customers. If our advertising reflects this as it must do to give a true picture of our activities, it is bound to create favorable public opinion.

In this creation of favorable public opinion, newspaper advertising is the more effective.

The third and last phase of our advertising is its stimulating effect on our loan office people. By creating an ideal they are forced almost unconsciously to live up to it. When we started to advertise "24-hour service" all our offices could not give such service. The problem was carried to our President and he said "Go ahead and advertise 24-hour service and it will force us to give 24-hour service." This is only one of hundreds of ways in which advertising can stimulate the service staff.

The foregoing sets forth in a very sketchy manner my conception of what loan office advertising should do. If I have opened new concepts to you, I have not spoken in vain. Some day a brighter mind than mine will see hundreds of things in loan office advertising that I have overlooked. That is the fascinating thing about every business, and about our business in particular. The fact that it is not something that is finished; it is a field of rich ore full of unrealized possibilities. It is up to all of us, executives, loan managers and outside men, to release these possibilities and thereby give a new meaning and a new purpose to our life work.

MARYLAND

The March meeting of the Maryland Industrial Lenders Association was called to order promptly at seven-thirty P. M. in the Board Room of the Baltimore Association of Commerce, Tuesday, March 9th, by Chairman Hood.

About sixty Lenders and friends of Lenders being present and many lively discussions of interest were enjoyed by all.

Treasurer Jim Goldrick, Lenders call him Jimmie for short, reported all bills paid to date with a nice little surplus remaining on deposit; he did not state the exact amount, but it would probably buy cigars for our semi-annual meeting and banquet to be held some time in May, when new officers for the coming year will be elected and a meeting of interest to all is promised.

George Holden of the Publicity Committee not only reported progress but proved to the members from newspaper clippings that he was stepping right along having been successful in having two of the leading newspapers write a news item of the meeting.

The Law and Vigilance Committee reported many busy days since the last meeting and Messrs. Gardner and Broce and the Chairman are to be congratulated upon the good results accomplished.

Upon motion duly made and seconded the Victory Loan Company, 505 Calvert Building, Credit Service Incorporated, 207 W. Fayette Street, and Workman's Finance Corporation, 1003 Munsey Building, were admitted to membership, and we are grateful to Mr. Rosenfield for having been so busy and having worked so earnestly to bring about these splendid results.

Upon motion duly seconded a bill for $15.00 for several copies of case No. 1 of the Industrial Lenders Technical Institute, which was read and discussed at the January meeting, was approved and ordered paid.

Our good friend Bill Young, Chairman of the Pennsylvania Association, addressed the meeting, told some good jokes, and invited everyone to be present at the next Pennsylvania meeting.

Our chairman then called upon one who has made a long study of Industrial Loan Business not only in this country but in countries over the sea and the high spots of the address of our good friend, Mr. V. W. B. Hedgepeth, follows:

Results of An Independent Study of the Industrial Loan Business

Mr. Chairman and Gentlemen of the Maryland Association:

The subject is too broad for a single investigator. It seems to be big enough for a congressional investigation, or for any twenty of the multitude of investigating committees that are roaming about snarling at the citizenry and letting it be known, by heck, that something ought to be done about it and more laws should be passed to make our benighted patriots go do something or stop doing something.

Without any appointment from my superiors, I began an investigation of the money question, on my own account. One rainy day somewhere about fifty years ago, when as one of a bunch of barefooted boys, I pressed a none too clean nose up against the front window of our local bank in an effort to get a glimpse of the money devils within.

Some official, possessing a peculiar sense of humor, jumped through the front door and with a, "Scat, you brats, or I'll cut your livers out," made about forty boy feet speed down the streets and up the alleys and planted deep in at least one head a wholesome fear of bankers and all their works.

Those were the days when bankers sat behind musty cages, under dim lights, far away from half drawn curtains and believed serenely that they were of a superior class apart, and with Webster that "money is a medium of exchange."

Those were the days of few railroads, few good roads, no street cars, no automobiles, no electric lights, no telephones, no tin cans, no movies, no flying machines, no typewriters, no canned music, no mechanical devices within the house to render possible comfortable living without a backyard—rice was three cents a pound, coal oil fifteen cents a gallon, and mother baked the bread while Willie chopped the wood. The wants of the average citizen were limited, his emotional and intellectual outlets were few. Banking methods were unknown to him and business was a mystery. In short—Those were the good old days, God bless 'em:

With the discovery that "Business is Service" and "Money is Merchandise" the new era dawned.

Let us gambol over the last fifty years and see what the recording angels have entered up in life's books.

Not that it will mean much to most people. Few things do. Blessed are the dead: in the head.

Yet the sum total of these fifty years should shock the members of this Association and of our profession into something of a realization of the drift of our times and an appreciation of present universal service and commercial opportunity.

When I was five years old (1874) the world sat pretty snug.

My daddy had passed on—my mother was confronted with the hard practical problem of ekeing out an existence with a mighty few possible added comforts.

Our preachers—and their name was legion—consoled us with the thought that sometime, somewhere, somehow, if we would only hold out against the snares of the world—and be good—and quiet—and let the wicked kick us in the shins, or occasionally on the other side of the pants, we might awaken from our sleep in some distant day with golden crowns upon our heads, scepters inlaid with diamonds and sapphires, song books in our hands and tickets in our celestial pockets entitling us to literally sit up yonder on a cloud and watch the show.

The show was to consist mostly in watching the writhings of departed religious opponents, unbelievers and such other persons as defunct democrats and dead bankers.

Forevermore we faithful were to wave palms and sing, and do nothing much else but sing and wave palms during endless cycles of tropical years,—Yes, were sitting pretty snug, in our pens, with our corn, and an occasional bucket of intellectual slop.

Then, one day in the great year of 1874, something snapped in the brain of the world, or the damned up power of mortal or immortal mind broke loose, and the recorder of the times has noted that the succeeding years have brought down to us in their flood and entered up in the books of life as common knowledge of men—automobiles, airplanes, adding machines, mechanical calculators, aluminum, antiseptics, antiseptic surgery, artificial dyes, a thousand and one products and byproducts of coal and oil, automobiles, automatic couplers, barbed wire, Barbara Fritchie hams, bicycles, baseball, carborundum, cash registers, celluloid, correspondence schools, cream separators, flotation methods, darkest Africa illuminated, disc ploughs, dynamite, electric railways, electric welding, electric lights, electric heating and cooking, esculators, fireless cooking, speechless waiters, gas engines, harvesting machinery, illuminating gas, induction motors, linotypes, match machines, monotypes, movies, medicine as a science, North Pole, South Pole, Panama Canal, pasteurization, railway signals, Roentgen Ray, sewing machines, smokeless powder, marvelous surgery, submarines, radium, skyscrapers, subways, phonographs, telephones, typewriters, vacuum cleaners, wireless, wireless photography and power Einstein, Millakan, the electron, national growing pains, suicide as "this way out," to say nothing of the spiritualistic conception of the progress of the soul as opposed to the old notion of the awful fate of the unbelieving on the eternal frying pan.

(This last to me is the outstanding contribution of the World's War, and probably is the greatest single concept of all time.)

Along with all these beneficial contributions to life, the wash of the years, of course, threw up much waste and many curious and fearful products of the deep ignorance in high places, intolerance, paternalism, arrogance, bigotry, impertinent assumption, etc., which like fleas on the dog will keep us scratching for many years, but need not permanently impede our intellectual and spiritual progress.

We first think the thing, then we produce or fashion it. When we consider what man has thought of in fifty years, and almost instantly fashioned into a commercial product, we are appalled at what the coming roaring years will bring. Sir Isaac Newton said, "Give man infinite years and he will develop infinite power."

The appalling thing is not so much how many times man will multiply his commercial concepts, but the appalling thing is the power of man to absorb his own products, and where it will lead him. A group of minds developed the steam engine, the trolley, the auto, the airplane, and at once everybody wanted to ride on the cars, own an auto, or to fly. Broadcasting became a fact and every day 20,000,000 people listen in. The telephone ceased to be a plaything and right away every household had to have one. To-morrow, maybe, a new sunbeam will break through some dark place and we will all pounce upon it and ride gaily away.

Untold millions come into life and pass on and out and never see any pattern in the weaving of the years. It was inevitable that this new consciousness of creative power should of itself release a new set of forces that would upset the existing order. A few far-seeing men said, "We will grasp this thing and direct these forces." They became great merchant princes, and captains of industry.

Another few went about the business of financing these commercial crusades and took control of the banking thought of the country. Fifteen per cent of civilized mankind are in this business of distributing, (merchandise) and the banks seem to be efficiently serving the fifteen per cent.

The banks thus are becoming more and more class servants, and less and less the servants of the great body constituting the consuming or industrial public.

I once knew a man who said he couldn't see the woods on account of the trees, it seems to me that there are running around to-day in this banking world ten thousand bankers who can't see the real folks on account of the people.

It was also inevitable the awakening should bring about new forms of commercial service, or merchandising. The stores that live in these busy days must be real service stations. The folks want what they want when they want it. That demands from the merchant service, instant and real. Service is worth its price.

The world will not again lapse into a deep sleep. There are to-day many great leaders of forces who can still distinguish real folks from mass people and who have as a slogan, "The Service That Makes Service Possible." *Custom has decreed that a certain form of merchandise called money shall be the medium for instantly making possible the exchange among men of all other forms of merchandise.* Providing this form of merchandise for the great masses of the real folks of the world at a reasonable cost, is undoubtedly the greatest single merchandising service possible.

This, gentlemen, is the service of the Industrial Money-Lender as exemplified by our Association. If the lesson of these fifty years means anything to me it means undoubted position of our own industrial money lending idea as one of the basic, far-reaching, necessary functions in the progress of the world, as long as our present form of civilization endures.

As I pointed out to you on a previous occasion the industrial money lending service station answers the question of distributing merchandise to the extent of one hundred per cent, based on service for the honest deserving folks of the world, not only by making their marketing, and their comfortable living instantly possible but also by satisfying their minor cultural desires and in addition thereto providing a form of savings and investment responding to the full corporation test of one hundred per cent as to safety with reasonable return.

I believe in the immense and far-reaching future of our business. I believe in its dignity, in this complex commercial age, I believe that is as essential to universal human happiness as sunlight is to health.

I expect to stay in it until I die. If sometime, someone, shall engrave a line on the stone that marks my last resting place, he shall be thoughtful enough to write—"He believed in the destiny of his business and his only wish was to be remembered as one of its prophets," I shall rest content.

Howard T. Mattingly, *Secretary.*

NEW JERSEY

The eleventh annual session of the New Jersey Industrial Lenders Association was held March 26th at the Robert Treat Hotel in Newark, New Jersey.

Chairman Alberse, in his ever-pleasing manner, made a brief address of welcome to our visitors on behalf of the association and then declared the convention open.

The roll call was responded to by the following members: American Equity Corp., Trenton; American Finance Co., Perth Amboy; American Loan So., Camden; Arrow Loan Society, Hoboken, Beneficial Loan Society, Jersey City, Newark, Orange, Paterson, Trenton, Elizabeth and Camden; Bergen County Loan Assn., Hackensack; Bureau of Finance & Service, Newark; Capital Loan Co., Union City; Community Finance Service, Inc., Elizabeth, Jersey City, Atlantic City, Camden and Newark; W. A. Dunn Co., Paterson; Emergency Loan Co., Newark; Enterprise Loan & Investment Co., Newark; Equitable Loan Society, Newark; Gibtalter Loan Society, Newark; Household Finance Corp., Jersey City and Newark; Industrial Loan Society, Perth Amboy, Newark and Plainfield; Jersey City Loan Co., Jersey City; Journal Square Loan Co., Jersey City; Max Knobloch Loan Co., Newark; Mercer County Loan Assn., Trenton; Metropolitan Loan Service, Newark; Middlesex Finance Co., New Brunswick; Montgomery Loan Co.; Jersey City; Mutual Benefit Loan Co., Jersey City; National Loan Assn., Trenton; Newark Cash Credit Co., Newark, Jersey City and Asbury Park; Peoples Nat'l Finance Co., Union City; Peoples Nat'l Loan Co., Paterson; Personal Finance Co., Jersey City; Protective Investment Co., Paterson; Standard Loan Co., Jersey City; Trenton Loan & Realty Co., Trenton; Van Horn Agency, Trenton and New Brunswick.

The chairman then appointed Messrs. Van Horn, Chairman, Cameron and Simonson as a nominating committee to nominate the members of the next Executive Committee.

Chairman Alberse in a brief report outlined some of the activities of the Association during the year, complementing the various committee chairmen on the splendid results obtained.

Secretary Hansche did not make a report for the reason that anything he might say would only be a repetition of what the various committees would say and his report would only conflict.

Treasurer Woodburn offered a written report which was read and by motion was ordered spread on the minutes.

Audit Committee Chairman Cameron, offered a written report of review covering a period of nine months from June 17, 1925, to March 18, 1926, in which the treasurer's and secretary's books were reconciled and found to be in accord. Upon motion his report was accepted with thanks and the committee discharged.

Membership Committee Chairman Young offered a written report covering his activities for the past year in which he advised that the association now had a membership of 71 and had lost but one member during the year and that was for the reason that they retired from business. Upon motion by Mr. Watts the report was accepted and a vote of thanks was offered to the committee for the wonderful progress made.

Entertainment Committee Chairman Van Horn reported that everything was in readiness for the luncheon to be served the convention and promised the membership the biggest time ever held by the association if they would be in attendance at the banquet to be held that evening.

At this time the official seal of the association came up for discussion and upon motion by Mr. Young seconded by Mr. Simonson the seal as selected by the committee for the selection of the seal, was adopted as the official seal of the New Jersey I. L. A. which could be purchased from either the Chairman or the Secretary at the cost of $2.00 per cut and the members were privileged to use said cut on all stationery, etc.

Publicity Chairman Zimmerman then offered his written report giving details of the work done by his committee, thanking them for the wonderful coöperation given him. The report was accepted with thanks and ordered filed.

Mr. Young then told the members of having received word of the death of Mrs. Sol Vogel, our former Chairman's wife and offered a motion to have the association draw up a resolution and have same engrossed to be either given to Mr. Vogel when he came East or have same sent to him in California. The motion was unanimously passed and the Secretary ordered to have same attended to.

The Secretary then read the application of the City Loan and Finance Exchange of Paterson and upon motion they were admitted to membership by unanimous vote.

The recommendations of the Auditing Committee was then taken under advisement and it was suggested that the Secretary write to the Remedial Loan Co. of Paterson advising them of their arrears and that unless the delinquent dues were paid before the next meeting they were to be dropped from the membership. The Chairman also appointed Mr. Margolis, Mr. Henly and Mr. Long as a committee of three to interview the Downtown Loan Co., The Guarantee Loan Co. of Jersey City and the North

Hudson Loan Co. to see whether they still wanted to retain their membership and if not recommendations are to be made at the next meeting that they be dropped. Mr. Simonson was appointed to see the Safety Loan Co. of Newark and Mr. Young offered to see the New England Equity Co. of Camden.

The luncheon hour having arrived, the meeting was adjourned until 1:30 P. M.

Afternoon Session

The nominating committee reported that they had selected the following names for the Executive Committee:

P. L. Alberse, V. L. Buchman, E. Woodburn, A. J. Simonson, C. H. Watts, A. E. Montgomery, William Young, J. C. VanHorn, and D. H. Cameron.

Upon motion the report of the nominating committee was received and the committee discharged with thanks by the members. Thereupon the chair called for additional nominations and none being heard, it was moved that the nominations be closed which was duly carried.

Mr. Watts then moved that the regular rules of the association be suspended at this time and instead of the committee going into session, the election of the officers take place from the floor. So carried and the name of P. L. Alberse was offered in nomination for Chairman, A. J. Simonson for Vice Chairman, V. L. Buchman for Secretary and E. Woodburn for Treasurer. No further nominations the Secretary was ordered to cast one vote for election. The Secretary then advised that the ballot box was stuffed with one for the above named candidates and that they were unanimously elected for the ensuing year.

Installation of the newly elected officers then took place and the minutes will be continued by the new Secretary.

W. P. Hansche, *Secretary.*

The Banquet

The Eleventh Annual Banquet of the N. J. Industrial Lenders Association was held in the Ballroom of the Robert Treat Hotel, Newark, N. J., March 26, 1926.

The entertainment committee of which J. C. VanHorn was Chairman left no stone unturned to make the banquet a success. The tables were artistically decorated with flowers and favors were given all in attendance. Those present were told to watch the birdie while the photographer put in his work and we understand that Mr. Young has a supply of these photographs. Anyone desiring same can obtain one by writing him at his Philadelphia office.

Invocation was given by the Rev. E. W. Fuhrmann. C. H. Watts was toastmaster. He introduced Capt. Irving O'Hay as a soldier of fortune who was the principal speaker of the evening. Capt. O'Hay related his experiences in war and out and his discourse was instructive and amusing and was well received by his audience.

Miss Kathryn O'Neill sang a number of popular songs. She was accompanied by Mabelle Cowan and the orchestra. Dance music was provided for those who cared to dance and every one apparently enjoyed a pleasant evening.

Vernon L. Buchman.

Those who have least faith in government demand the most from it.

NEW JERSEY

The New Jersey Legislature of 1926 adjourned last month, defeating the proposed amendments to reduce the rate permitted on small loans in that State.

House Bill No. 254, purporting to regulate the State Bank Examiners' fees for examining loan offices was passed by the House, reached third reading calendar in the Senate but lost out in the jam and died. The prospects are with the reorganization of the Department of Banking, that the work and fees now connected with the examination of loan offices will be greatly reduced and remedial legislation will follow at the next session of the Legislature.

PENNSYLVANIA

The regular meeting of the Pennsylvania Industrial Lenders Association was held at the Hotel Sterling, Wilkes-Barre, at 10:30 A. M. Thursday, February 25, 1926.

There were fifty (50) members present.

Treasurer's Report

Treasurer Devine reported all bills paid as of February 24, 1926. Receipts to date, $3,822.75; Expenditures, $1,157,-79; Balance in bank, $2,664.96.

Upon motion of Mr. Buck seconded by Mr. Hart, the report was received and spread on the minutes.

Secretary's Report

Secretary Herron reported a membership of 126, with 113 in good standing as of June 1, 1926. There are 322 licensees in the State.

On motion of Mr. Moss, seconded by Mr. Devine, the report was received and spread on the minutes.

Membership Committee

Chairman Moss reported progress.

After timely comment and suggestions by Mr. Watts and Dr. Mueller, it was regularly moved by Mr. Moss and seconded by Mr. Davis that the question of inviting every licensee to become a member of our Association be referred to the executive committee.

Upon instruction from the chair, the routine of business was suspended for a few minutes.

Mr. Hart requested the privilege of the floor. After a few remarks on the loyalty, integrity and untiring efforts of our former secretary, presented a small token of appreciation to Mr. Charles H. Watts for his valuable service to our members.

Mr. Watts, after making a beautiful speech of acceptance, requested that the secretary be requested to incorporate in his minutes an expression of thanks and appreciation of Mrs. Watts and himself to be extended to all the members of the Association.

Legislative Committee

George W. Kehr reported that there was no legislation considered at the special session of Legislature which was just closed.

Upon motion of Mr. Moss and seconded by Mr. Devine, the report was received and spread on the minutes.

Publicity Committee

Edward A. McCann reported (for Chairman Moore) very good progress in Scranton with publicity.

Upon motion of Mr. Hart, seconded by Mr. Moss, the report of the Publicity Committee was received and spread on the minutes.

Vigilance Committee

Chairman Fahringer reported that the case of S. Hamilton and Company of Pittsburgh, has been dropped owing to their discontinuing their unfair practice. Also having received a decision from the Banking Department as to the operating a pawn-broking business and a small loan business at one and the same office. Also having placed in the hands of the Banking Department the case of the Finance Service Corporation of Pittsburgh.

Mr. Herron reported on the Automobile cases in Philadelphia and the need of legal assistance from the Association.

Upon motion of Dr. Mueller and seconded by Mr. Klein, the reports were received and the case against the Automobile Finance Companies were put in the hands of the executive committee and a committee of three were appointed to secure the necessary legal advice.

The committee appointed by the Chairman of the Executive consisted of Young, Moss and Herron (chairman).

Moved by Dr. Mueller and seconded by Mr. Buck, that all information of a definite character against unlicensed lenders or organizations violating the law be forwarded to the Chairman of the Vigilance Committee.

Entertainment Committee

Mr. Herron reported for Chairman Webster that he has procured the Ball Room and the Clover Room for our annual meeting to be held November 18, 1926.

Upon motion of Dr. Mueller and seconded by Mr. Hart that if the Association is at a loss for a place to hold their annual meeting, the Association be invited to hold same in the Ball Room of the Pennsylvania Athletic Club and the invitation was considered.

At this time the meeting adjourned for luncheon at which there were 50 members and friends. The Hon. E. Foster Heller (of the Orphans Court) delivered an address on "Extending Credit."

New Business

Upon motion of Mr. Moss seconded by Mr. Ezekiel, the Executive Committee was increased to eleven members instead of nine (as it now is) by amending the by-laws. Carried.

Upon motion of Mr. Hart and seconded by Mr. Moss, the letter of invitation from the Altoona Lenders of the Association, that a meeting of the Association be held in Altoona this year was referred to the Executive Committee.

Upon motion of Mr. Watts, seconded by Mr. Ezekiel, Mr. Kehr's letter was included in the minutes.

Harrisburg, Pa.
February 9, 1926.

Mr. Walter S. Herron,
404 Denckla Building,
Philadelphia, Penna.

Dear Mr. Herron:

I am not sure that I can attend the next meeting of the Pennsylvania Association at Wilkes-Barre, but I would like to know something about the different matters that will be considered at the business meeting and when they will be brought up. I am anxious to see the Pennsylvania Association go on record in favor of the new plan of collecing dues in the State and National organizations, basing dues of all offices on the $1.00 per thousand rate with no minimum or maximum and making all offices members of both Associations on payment of these dues to the State Association Secretary.

Ohio has already acted favorably upon the suggestion and Indiana will probably do so at their next meeting. To make the proposition workable it will be necessary for all the State Associations to agree to this plan, as unless it is unanimous, it will not work. It will necessitate each State Association's changing their by-laws with respect to dues.

Yours very truly,
George W. Kehr,
National Secretary.

Upon motion of Mr. Herron and seconded by Mr. Moss, the resignation of the Penn Loan Company, 13th and Columbia Avenue, Philadelphia, having discontinued business and complied with all the requirements of the by-laws, was accepted.

Upon motion of Mr. Herron, seconded by Mr. Moss, the resignation of the M. & L. Loan Company, 1507 Arch St., Philadelphia (they having complied with the by-laws), was accepted.

Nomination and Election of Members

The Secretary read the applications for membership of the following licensees:

Phil-Penn Finance Company, 250 S. Broad St., Philadelphia; Insurance Finance Corporation, 121 N. Broad St., Philadelphia; William L. Clauser, S. E. cor. 13th and Chestnut Sts., Philadelphia; Family Finance Company, 401 Railroad St., Rochester, and stated the Executive Committee had approved. Upon motion of Mr. Watts, seconded by Mr. Moss, they were duly elected to membership.

H. M. Curry read a paper on "Training an Outside Man." On motion of Mr. Klein, seconded by Mr. Moss, the paper was spread on the minutes and was ordered published in the Lenders News.

William V. Cawley, of the Community Finance Service, Inc., read a very interesting paper on "Handling Accounts During Emergency." Upon motion of Mr. Ezekiel, seconded by Mr. Devine, the paper was received and ordered sent to the Lenders News.

Upon motion of Mr. Buck and seconded by Mr. Moss, the bills amounting to $61.25 were paid.

W. S. Herron, *Secretary.*

RHODE ISLAND

The regular meeting of the Rhode Island Industrial Lenders Association was held Thursday, Feb. 18, 1926, at 7:30 p.m., at the Biltmore Hotel, Providence, R. I.

Several subjects of importance were discussed, amongst which were future meetings of State Chairmen. This suggestion was embodied in a letter received from National Chairman East. It was discussed at length and then decided to lay over until next regular meeting.

Chairman Rich then opened up what was uppermost in the minds of all; the question of holding our annual banquet and it was agreed to hold our big time in May.

Minutes follow: On motion of Mr. Delaney, seconded by Mr. Moran, minutes were approved as distributed. Mr. Neal then stated minutes should be corrected to read that "Mr. Watts was made chairman of Membership Committee and he was to call on other members to serve with him.

The following members were present: American Loan Company, Providence, R. I.; Beneficial Loan Society, Providence, R. I.; Personal Finance Company, Providence, R. I.; Citizens Finance Service, Providence, R. I.; New England Equity Corporation, Providence, R. I.; Mutual Finance System, Providence, R. I.; Chester Neal Company, Providence, R. I.; James S. Dwight, Providence, R. I.; Mutual Loan Association, Pawtucket, R. I.; National Loan Company, Pawtucket, R. I.; American Loan Company, Pawtucket, R. I.; Household Finance Corporation, Pawtucket, R. I.; American Loan Company, Woonsocket, R. I.

Mr. Lovegrove, of Connecticut, and Messrs. Zimmerman and Morgan, of New York, were also present.

Report of Officers

Treasurer Kennon reported a balance on hand of $281.45.

Secretary La Gueux reported 19 members in good standing.

Report of Committees

Publicity Committee—Mr. Cote, Chairman, and Messrs. Moran and Hollingsworth were appointed to serve on this committee.

Vigilance Committee—Mr. Cote, Chairman, and Messrs. Kennon, Delaney and Moran were appointed to serve on this committee.

Membership Committee—Mr. Watts, Chairman, absent. The secretary was instructed to write Mr. Watts for names of members he desired to serve on this committee.

New Business

Chairman Rich read a letter received from National Chairman East, regarding meeting of State Chairmen.

This was discussed at length and it was decided to lay matter over until next meeting and have secretary write National Chairman East to learn what was done at first meeting of State Chairmen in Virginia. This motion was made by Mr. Neal and seconded by Mr. Zimmerman. Carried.

Annual Banquet

Upon motion of Mr. Dwight, seconded by Mr. Morgan, it was carried that we hold our annual banquet in May.

The following banquet committees were appointed:

Entertainment Committee — Messrs. Kennon, Smith and Hollingsworth.

Publicity Committee—Messrs. Delaney, Pomfret and Lanctot.

Speaker's Committee—Messrs. Dwight, Neal and Moran.

Hotel Committee—Messrs. Kefauver, Deignan and Conley.

Printing and Program—Mr. Moran.

Finance Committee—Messrs. La Gueux and Rich.

Motion made by Mr. Lovegrove, seconded by Mr. Hollingsworth, that all chairmen of banquet committees act as an executive committee for this banquet.

It was decided to hold a special meeting on Feb. 25, 1926, at 7:30 p.m., at the Biltmore Hotel, on motion made by Mr. Dwight and seconded by Mr. Pomfret. Carried. E. La Gueux, *Sec.*

VIRGINIA

The Regular Meeting of the Virginia Industrial Lenders Association Was Held at Patrick Henry Hotel, Roanoke, Va., March 25, 1926

The business meeting was called to order by Chairman Pope at 10:30 a.m.

The secretary called the roll and the following members were present: Citizens Small Loan Society of Norfolk, Beneficial Loan Society, of Norfolk, National Small Loan Society of Norfolk, Norfolk Security Co. of Norfolk, Credit Small Loan Service, Inc., of Norfolk, Norfolk Loan Society of Norfolk, Citizens Small Loan Society of Richmond, Beneficial Loan Society of Richmond, United Small Loan Corp. of Richmond, Virginia Small Loan Corp. of Richmond, Credit Small Loan Service, Inc., of Richmond, Roanoke United Small Loan Corp. of Roanoke, Beneficial Loan Society of Roanoke, Roanoke Loan Society of Roanoke, Virginia Security Co. of Roanoke, Lynchburg Loan Society of Lynchburg, Beneficial Loan Society of Portsmouth.

We had also with us H. T. Mattingly, W. H. Bishop, Jr., and Lee H. Humphrey, of Baltimore; V. D. Moss and E. F. Moore, of Philadelphia, Pa., and Oscar L. Shewmake, of Richmond.

Report of Officers

Secretary Bray reported that there are 36 licensees in the state, and we had 26 members of the Association, which was an increase of three this year. The new members are Roanoke United Small Loan Corp. of Roanoke, Credit Small Loan Service of Richmond and Credit Small Loan Service of Norfolk. These members were brought into the Association by Chairman Pope.

All the members were in good standing with dues paid to date, and most of them had paid their dues for the full year.

He also brought up the matter of the members paying their monthly assessment prompt the first of each month without being billed for it, and asked for the coöperation of the members in this matter. On motion of Mr. Moss, seconded by Mr. Moore, the report was received and spread on the minutes.

Treasurer's Report

Treasurer Burnett reported that we had cash on hand, Jan. 22, 1926, $1,642.24. Receipts since $1,470.50, making a total of $3,112.74. Disbursements, $1,518.76. Balance on hand, March 25, 1926, $1,593.98.

Upon motion of Mr. Moore, seconded by Mr. Moss, the report was received and spread on the minutes.

Executive Committee

In the absence of Mr. East, Mr. Pope reported what had been done at Richmond in regard to the test case whereby the constitutionality of the law was being attacked. He explained we had engaged attorneys to fight the case.

Upon motion of Mr. Mattingly, seconded by Mr. Moss, the report was received and spread on the minutes.

Legislative

Mr. Moss reported that no bills had been passed adverse to our business during the session of the legislature just closed. There had been six bills and one resolution introduced, that would seriously have affected our business if they had passed. He asked Oscar L. Shewmake, our counsel, to make his report of what had been done at Richmond during the session of legislature.

RICHMOND, VIRGINIA,
March 24, 1926.

To the Committee on Legislation, Virginia Industrial Lenders Association

Gentlemen:

As counsel employed by you to represent the Virginia Industrial Lenders Association in legislative matters for the year ending March 15, 1926, I beg to submit this, my report:

The General Assembly of Virginia convened in regular session on Wednesday, Jan. 13, 1926. Close examination of all measures introduced in both House and Senate from the opening day failed to disclose any hint of hostile or adverse legislation during the first three weeks of the session. So different was this from the experiences of former years that those in closest touch with the situation began to hope that at last the business of making loans under the Uniform Small Loan Law had become so thoroughly established that the attacks upon it made during past sessions of the General Assembly would not be renewed. These hopes, as the experiences of the next six weeks were to show, were not well founded; on the contrary, the period of quiet enjoyed during the first three weeks of the session was nothing more than a lull before the storm.

During the session there were introduced in House and Senate together seven distinct pieces of legislation, any one of which would have seriously affected the small loan business in Virginia, and any one of five of which would have proved fatal. Of these seven pieces of legislation, five were aimed directly at the small loan business. The other two were ostensibly designed to affect corporations, other than banks of discount and deposit, engaged in lending money, such as automobile finance companies, building and loan associations, etc., but the effects of either of these two bills, had they become law, would have been disastrous. I shall refer briefly to each of these measures in the order in which they were introduced.

1. On February 3, there was introduced by Messrs. Boschen and Folkes, members of the House of Delegates from the city of Richmond, a bill having for its object the complete repeal of the Uniform Small Loan Law. This bill was referred to the Committee on General Laws and was set for hearing on the afternoon of the following day. Hearing on the bill was postponed to Monday the 8th and again to Thursday, February 11. On the date last named the proponents and opponents of the measure were given full opportunity to present their claims and the hearing lasted more than two hours, at the conclusion of which the committee went into executive session and further consideration of the measure was passed by indefinitely by a vote of 9 to 2. Too much cannot be said in praise of the splendid explanation of the Uniform Small Loan Law, its history, its purposes, and its accomplishments made by Dr. L. N. Robinson, of the Russell Sage Foundation, and the complete victory won at this hearing is due in no small measure to his presence.

2. On February 8, Mr. Boschen introduced a bill, the title to which fully explains its object and the effects of which, had it become law, are obvious. It was generally understood that this measure was designed to affect automobile finance companies but it would have affected the industrial money lenders seriously. Its title was as follows:

"A bill to make it unlawful for any person, firm or corporation to repossess without legal process, except with the consent of the person in possession, any goods or chattels or other personal property in the possession of another which is subject to a contractual lien, reservation or condition, or where such property is held subject to a chattel mortgage, deed of trust or other similar instrument or writing; to declare that any provision in any such contract or other writing whereby the right of action on account of such repossession shall be void, and to prescribe penalties."

This bill was referred to the Committee for Courts of Justice and on February 9, was passed by indefinitely, and never taken up again.

3. A bill was introduced by Delegate Sinclair by request, providing that no debt should be enforced against the wife of any borrower notwithstanding that such wife might be an endorser, guarantor or principal obligor unless the loan was obtained and the proceeds thereof used for her sole benefit. This bill was also referred to the Committee on General Laws and was passed by indefinitely.

4. On February 17, Messrs. Boschen and Folkes introduced a bill to amend and reënact Section 14 of the Uniform Small Loan Law, so as to change the legal rate of interest on small loans from 3½% per month to ½ of 1% per month. Hearing on this bill was set for Monday, February 22. This hearing lasted more than three hours, after which the Committee on General Laws voted unanimously to postpone further consideration of the measure.

5. Perhaps the most remarkable piece of legislation introduced during this session was offered by Messrs. Boschen and Folkes on February 26. This bill was so extraordinary in its nature, so broad in its scope, so far-reaching and serious in its possible consequences that it is deemed well to quote it here in full. It reads as follows:

"To raise revenue for support of the government, to pay the interest on the public debt and support the public schools, by taxing loans carrying interest of more than six per cent per annum.

"Be it enacted by the General Assembly of Virginia that any person, firm, association or corporation who loans money in this State for more than six per cent per annum shall pay one-half of said interest in excess of six per cent to the State.

"Every violation of this act shall be punished by a fine of not less than $25.00 nor more than $100 for each and every violation."

This bill was referred to the Committee on Finance and, after a hearing, its consideration was indefinitely postponed. This bill requires no discussion. It speaks for itself.

6. After the bill referred to in the foregoing paragraph had been disposed of, it was believed even by those most interested that no further hostile legislation would be introduced. What followed, however, serves to illustrate the need for constant watchfulness. On the afternoon of March 12, a bill was introduced in the Senate, as a substitute for one theretofore offered, which was known as Senate Bill No. 318. This bill proposed to amend the Tax Bill so as to provide for an increased license tax on private financiers and finance corporations. It was directed primarily at automobile finance companies but the industrial lenders were included in the broad definition of finance companies. Had the bill become law, the taxes paid to the State by operators under the Uniform Small Loan Law would have been practically doubled. This bill passed the Senate before those most affected knew it had been introduced. It was never printed. When it reached the House on the afternoon of Saturday, March 13, an amendment was offered, excepting industrial lenders from its provisions. This amendment was adopted by the House but rejected by the Senate, and the bill died.

7. On February 22, during the hearing on the bill to reduce the rate of interest, it was suggested by certain members of the Committee on General Laws that the supervision of those operating under the Uniform Small Loan Law by the Banking Division of the State Corporation Commission might well be closer than it is. I immediately stated to the committee that the industrial lenders would welcome the strictest supervision that the law could give and that an amendment subjecting the loan offices to the same examination as is made of the banks of discount and deposit would receive our support. The chairman of the Committee on General Laws appointed a subcommittee consisting of delegates Jesse, Sinclair and Warren, with instructions to prepare such a bill or amendment as would require more strict supervision of the loan offices by the Banking Division. The chairman of this committee requested me to prepare such an amendment which request I complied with and prepared a bill which met the approval of the Banking Division, the members of the subcommittee and the industrial lenders. This bill proposed to amend Sections 2 and 10 of the Uniform Small Loan Law. It would have been reported out by the committee but for reliable information which reached me to the effect that the moment it reached the floor of the House an amendment would be offered reducing the rate of interest provided for by the present law. In order to avoid this complication, I suggested to the committee that a resolution be offered in lieu of the bill. This suggestion met with approval and I prepared the suggested resolution, which read as follows:

"WHEREAS, There has been introduced in the House of Delegates of the General Assembly of Virginia, a bill to amend section fourteen of an act approved March 23, 1918, and since amended by acts approved March 9, 1920, and March 20, 1922, generally known and referred to as THE UNIFORM SMALL LOAN LAW; and

"WHEREAS, Reliable information on which intelligent action upon the said bill could be taken is not available at this time; and

"WHEREAS, By the terms of the said law the licensees thereunder are placed under the supervision of the Chief of the State Bank Examiner of the Banking Division of the State Corporation Commission with full power of investigation and examination; Be it

"*Resolved*, By the House of Delegates of the General Assembly of Virginia, the Senate concurring, That the Chief State Bank Examiner of the Banking Division of the State Corporation Commission be, and he hereby is, requested to make such examination and investigations of the business conducted and methods employed by the licensees operating under the said Uniform Small Loan Law during the years 1926 and 1927 as will enable the said Chief State Bank Examiner to furnish the General Assembly of Virginia, at the commencement of the regular session for the year 1928, or at the commencement of any special session that may be held prior thereto, with accurate information showing the net income earned on capital invested by each of the said licensees between Jan. 1, 1926, and Jan. 1, 1928, or between Jan. 1, 1926, and the date of the commencement of such special session."

This resolution was reported by the committee to the House and offered by Hon. R. O. Norris, Chairman of the Committee on General Laws. It passed the House but, for reasons unknown to me, never received consideration in the Senate.

It thus appears that the General Assembly adjourned without having enacted any legislation adverse to those operating under the Uniform Small Loan Law and, what is more important, no bill directed against the interests of this business ever reached the floor of either house. Concisely stated as is this summary, it would appear to one not familiar with the situation that these results were accomplished without great effort. Such, it is well known, was not the case. There may come a time when the public is so well informed with reference to the Uniform Small Loan Law that danger of adverse legislation will have passed, but that time has not yet arrived. The business is not generally understood. Indeed, because it is so little understood, it is viewed by many well-meaning people with suspicion and by some with hostility. To overcome this, a campaign of education should be conducted. Those operating under the Uniform Small Loan Law should have nothing to hide. A policy of concealment or aloofness must inevitably result in the creation of an atmosphere of public distrust. The business is legitimatized. It is necessary. It is highly respectable. The policy of apology or excuse for engaging in this business is as useless as it is dangerous.

I feel it proper just here to somewhat overstep the limitations of my employment and call your attention to something which may not be entirely pleasant to all within hearing. As the various hearings on these legislative measures progressed and the views of those opposed to your interests were more and more freely expressed, it became evident that the opposition was not to the law itself. As a matter of fact, it was not apparent that those most active in opposition were at all familiar with the Uniform Small Loan Law and it was plain that some of them had never even read it. One of the most prominent spokesmen for the opposition was surprised to discover at the hearing on February 11, that the small loan licensees were under the supervision of the Banking Department of the State Corporation Commission. Several members of the Committee on General Laws were similarly surprised. I doubt that there is a business in Virginia about which less is generally known and which is more misunderstood than yours. The question which suggests itself then is whence came the determined and persistent opposition to the small loan licensees. The answer is that it grew out of certain specific instances of misconduct or ill-advised action on the part of some of the licensees themselves. Opposition to the rate charged is founded in ignorance and can be easily dispelled by explanation. There is no opposition to the business as such. Uncompromising hostility has been aroused by a too great insistence on collection in cases where collection worked actual and severe hardships on the borrowers. Of course, in practically every case cited the lender was doing no more than insisting upon the enforcement of his legal rights, but it must be remembered that what is gained in many cases at the bar of justice is more than off-set by a corresponding loss at the bar of public opinion. Such extreme care should be exercised in making loans to necessitous borrowers that no loans will be made to those who will be unable to meet their obligations at maturity and against whom legal proceedings, involving the sale of necessary household goods, must be instituted. Though such a course should result in a decrease in the volume of business done, the loss thus occasioned will be more than made up by the absence of the adverse criticism attracted to the business by the working of hardships upon borrowers unable to pay.

I trust that you will take what I am saying in the spirit in which it is said and will consider it as a helpful suggestion rather than an adverse criticism. "Faithful are the words of a friend but deceitful are the kisses of an enemy." If this suggestion is followed, I believe that those opposed to the Uniform Small Loan Law will be deprived of their most dangerous weapon.

In conclusion, permit me to express the feeling of pleasure that I experienced in acting as your counsel, and to thank you for the whole-hearted and efficient support you have given me through many trying experiences. I extend to you my best wishes for continued success in the future. Respectfully submitted,

Oscar H. Shewmake, *Counsel.*

On motion of Mr. Moss, seconded by Mr. Mattingly, Mr. Shewmake's report was accepted and ordered spread on the minutes.

On motion of Mr. Bray, seconded by Mr. Moss, a rising vote of thanks was given Mr. Shewmake for the splendid work he had done at Richmond.

Special District Committees

Mr. Bray, for Norfolk & Portsmouth, reported the Clearing House was working fine. Ten out of 13 licensees were members. We had a case in Norfolk where a man had failed to get his discharge in bankruptcy, although he had applied for it within the proper time. When his creditors found this out they went after him and then he filed a new petition in bankruptcy, listing new creditors as well as the old. The U. S. District Judge ruled he could not do this, but gave him his choice of getting his discharge on the first bankruptcy petition or he could take the second but would have to leave creditors out that he had listed in his first petition.

Mr. Burnett, for Richmond, reported they had only five members in the Clearing House in Richmond, but it had saved them a lot in bankrupts, as it used to be common to see a bankrupt get them all before they had the Clearing House, but now they never get more than one member.

Mr. Herbert, in the absence of Mr. Price, reported Roanoke had 100% membership in the Clearing House and everything was working fine.

Mr. Long, in the absence of Mr. Hillsman, reported that Lynchburg had 100% membership and it was working fine.

Mr. Pope and Mr. Moss said the Clearing House in Richmond could be operated through the Retail Merchants Credit Bureau there, and they were trying to work this out.

Uniform Papers

Mr. Moss reported he and Mr. Watts had been working on these, but he could only report progress at this time and hoped to be able to submit a paper at the next meeting.

Recess 11 : 45 a. m.

Luncheon

Luncheon was held at 1 : 30 p. m. and C. D. Fox, City Councilman of Roanoke, acted as toastmaster. Other gentlemen who addressed the members were Rev. Z. V. Roberson, Maurice L. Macenter, Atty., of Roanoke, Representative J. H. Bear, Representative Wright of Roanoke, U. T. Lemon of the Roanoke Retail Merchants Association, J. Vaughan Gary and Oscar L. Shewmake, Attorneys, of Richmond.

Afternoon Session

Mr. Moss spoke of New Business. The work that had been done during the session of the legislature and also explained that attorneys had been engaged to defend the case in Richmond where our law was being attacked on the ground that it was unconstitutional. He said it would be necessary to raise $2,100.00 to take care of expenses during the legislature and pay the attorneys on the test case.

Mr. Moss moved that we assess each office $100.00, as this would take care of these expenses. Mr. Mattingly seconded the motion and it was carried unanimously.

Mr. Pope read a pamphlet on the Uniform Small Loan Law and its operation in Virginia. This was got up by Oscar L. Shewmake, Counsel for the National Small Loan Society, Inc., Mr. Shewmake presented this to the Association.

On motion of Mr. Moore, seconded by Mr. Mattingly, it was decided to have 5,000 printed and send a supply to each member for distribution.

On motion of Mr. Moore, seconded by Mr. Mattingly, the Association decided to have this article copyrighted.

Mr. W. S. Biel, of Portsmouth, read a paper on advertising. On motion of Mr. Moss, seconded by Mr. Mattingly, this was ordered spread on the minutes.

As a similar paper was read by E. N. Plummer at the meeting of the Connecticut Association held in New Haven, March 24, and published in this issue, Mr. Biel's paper is not repeated here.—Editor.

Mr. Price gave a report of the Entertainment Committee, and stated instead of the usual deficit for the Association to make up, there was a surplus of $6.00 which he had turned over to the treasurer.

On motion of Mr. Moore, seconded by Mr. Bray, a rising vote of thanks was given to the Entertainment Committee.

Messrs. Price, Burnett and Biel (Richmond) at our last meeting promised to prepare papers and read them at this meeting, but they were not ready.

On motion of Mr. Moore, seconded by Mr. Moss, the secretary was instructed to notify these men that they would be expected to prepare papers for our next meeting, the subject to be left to them.

Election of Members

The secretary presented the application of the American Small Loan Co., Inc., of Alexandria, Va., on motion of Mr. Moss, seconded by Mr. Moore, they were unanimously elected to membership.

After some discussion, on motion of Mr. Moss, seconded by Mr. Moore, it was decided to hold the next meeting at Norfolk, Va., Friday, June 25, 1926. Mr. Bray to have charge of the arrangements.

The subject of advertising "Under the Supervision of the Banking Department," was brought up. The chair appointed Mr. Shewmake to see the Chief Banking Examiner and find out if they will allow us to do this. Frank Bray, *Sec.*

WEST VIRGINIA

The annual convention of the West Virginia Industrial Lenders Association was held in Charleston, Thursday, March 18, at the Hotel Ruffner.

The morning session was called to order by Vice-Chairman Wormser, Chairman H. L. White, of Wheeling, being unable to attend on account of illness. The regular order of business was taken up and disposed of. F. H. Withrow, Chairman of the Membership Committee, reported four new members, making a total of eighteen. As there are only twenty-five licensees in the state, this leaves only a small per cent who are not members of the association.

The afternoon session was opened with an address by J. H. Aufderheide, of Indianapolis, which was enthusiastically recieved and which we will reproduce later for the benefit of all the readers of the Lenders News as well as some other papers that were read.

Honorable E. L. Morrison, Deputy Commissioner of Banking, was an interested listener during the afternoon program. He also spoke of the departments appreciation of the coöperation it had obtained from the members of the Association.

Mayor Wertz delivered the Address of Welcome at the banquet which started off promptly at seven-thirty. "A Business Little Understood" was the subject of the chief address of the evening and was given by C. H. Watts of New York. Those gathering around the speakers table were: Mayor Wertz, J. H. Aufderheide, Chas. H. Watts, Geo. C. Grinsteiner, C. G. Liggett, Ray Reynolds and Hon. W. G. Conley. There were seventy persons present in all. Immediately after the banquet a dance was held which was thoroughly enjoyed by all.

Companies represented at this convention were: Bluefield Investment Co., Bluefield; Community Finance Service, Commonwealth Loan Co., Monarch Loan Co., Litizens Loan Co., Personal Finance Co. and W. & O. Loan Co., all of Huntington; Personal Finance Co., Capitol City Loan & Investment Co., United Loan & Realty Co., Peoples Loan Co., Conservative Loan Co. and Commonwealth Loan Co., all of Charleston; Personal Finance, Wheeling; Community Finance Service and Workingmen's Finance Co., of Parkersburg. The next meeting will be held at Huntington, Thursday, October 7, 1926.

COMMUNICATIONS

Robinson, Illinois, March 13, 1926.

Dear Sir:

Will you please advertise in your April number of the Industrial Lenders News, the following skip:

Mitchell Akridge, wife, Frances Akridge, formerly lived at Robinson, Ill.

Thanking you in advance, I am

Very truly yours,
C. M. Barrick.

Baltimore, Md., March 11, 1926.

Dear Mr. Kehr:

The Credit Service Incorporated, 207 W. Fayette Street, Baltimore, Maryland, J. J. Wood, Manager, and Workman's Finance Corporation, 1003 Munsey Building, Baltimore, Maryland, Mr. Fine, Manager, were duly elected to membership in the Maryland Industrial Lenders Association, at its meeting held March 9th, in the Board Room of the Baltimore Association of Commerce.

We suggest that both these members be solicited for the National Body.

We are enclosing herewith a letter from an appreciative borrower who has been dealing with a local Lender for many years, and who has borrowed money while living in many sections of the country, the last several loans having been made in Eugene, Oregon. The Mr. Johnson he speaks of we understand is a member of a prominent law firm in that city.

Very truly yours,
Howard T. Mattingly, *Secy.*
Eugene, Oregon.

January 26, 1926.

Gentlemen:

Your very kind letter of recent date was received by me and I thankfully acknowledge receipt of your very generous favor.

Mrs. Powers and myself were very much surprised at your extreme kindness to us, and in this humble way we wish you to accept our grateful thanks. It is our hope in the near future to show to you who have treated us in this particular instance as well as so many other occasions in the past, with such exceptional kindness our appreciation.

Your exceptional kindness certainly created a big surprise with Mr. Johnson and I am sure it is going to do us a world of good in Eugene.

I am enclosing my personal check in the amount of $75.00 to cover my present obligation.

Thanking you again for Mrs. Powers and myself, also wishing you the very best of success.

I am, Very truly yours,
Grateful Customer.

NEWS

Salvador

Regulations for Loan Institution.—The regulations issued October 22, 1925, for the establishment in San Salvador of a loan institution to be known as the People's Bank (Banco de Pueblo), were published in the Diario Official of October 29, 1925. According to the regulations loans will be made on personal property at interest not to exceed 5 per cent monthly on sums up to 25 colones, and on larger sums at 3 per cent. Pledged property on which over three months' interest is unpaid will be auctioned every three months.—*March Bulletin, Pan American Union.*

NEW MEMBERS

Add these to your 1925 Year Book Directory:

Mansfield Provident Co., Over Palace Theatre, Ashland, Ohio.

Mansfield Provident Co., Over Shelby Bldg. & Loan Co., Shelby, Ohio.

National Loan Society, 2648 Germantown Ave., Philadelphia, Pa.

The Van Horn Agency, State & Warren Sts., Trenton, N. J.

The Van Horn Agency, 389 George St., New Brunswick, N. J.

American Loan Co., 851 E. Allegheny Ave., Philadelphia, Pa.

EXECUTIVE WANTED

"New Financial Institution in process of organization desire banking executive who can originate industrial banking system (somewhat similar to the Morris Plan System) and take complete charge of installing the system in its branches which will be opened from time to time. Send outline of qualifications, experience age, etc. Apply Active Vice President, Box 778, Harrisburg, Pa.

A PRACTICAL SCHOOL IN MODERN LOAN OFFICE OPERATION

A Message to Loan Men:

On April 3d, we again moved our offices to larger and better quarters.

We have students in 109 cities scattered throughout the United States. Our field of activities runs from Minnesota to Georgia and from Florida to Maine.

Our students are practical loan men engaged in the daily business of making small risky loans. Our lessons are designed to make their daily duties easier for them and more profitable for the loan office with which they are connected.

We have a complete legal and advisory service for all matters pertaining to loan office operation.

We organize your knowledge and show you how to meet modern competition, keep your costs of operation down and your net profits up.

Students are enrolled at a flat rate of $4.50 per month, payable in advance each month for ten months. If the entire tuition fee of $45 is remitted in advance, a reduction of 5% is permitted.

Fill out the coupon below, attach your check for $4.50 and your first lessons will reach you by return mail.

Industrial Lenders Technical Institute

468 Fourth Avenue, New York City

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name ....
Position ....
Employed by ....
Street and Number ....
City and State ....

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 11. MAY, 1926. Price, $1.00 a year.

MEETING SCHEDULE

INDIANA—Indianapolis, Clayton Hotel, May 19 and 20.

CONNECTICUT—Waterbury, June 16.

NEW JERSEY—Asbury Park, June 18.

VIRGINIA—Norfolk, June 25.

TENNESSEE—Whittle Springs Hotel. Knoxville, July —.

PENNSYLVANIA — Reading, July 13.

OHIO—Annual Meeting, O. I. L. A., Cleveland, September 14.

OHIO—National Convention, Cleveland, September 15, 16, 17, Statler Hotel.

MICHIGAN—Detroit, October 21.

SALARY PURCHASING

By Romain C. Hassrick

Chief Bureau Legal Aid, Department of Public Welfare, Philadelphia

Schemes for mulcting the public, and particularly those persons of limited financial means are always with us. They are as bad as thistles in the hayfield, and they are not easily eradicated.

No sooner do we rid ourselves of the so-called "Loan Shark" until there develops with us another system known as salary purchasing which promotes trouble for our multitude of wage earners.

The small loan business in this state has been placed on a most honorable basis of business dealing. It is regulated by the uniform small loan law supervised by the State Department of Banking, and policed by its own members.

The Bureau of Legal Aid has had extensive experience with this business in Philadelphia, and we know whereof we speak when we place on it our label of approval. The business has been policed from within, and that is one of the most effective methods. Our complaints in Philadelphia against money-lenders are negligible in number. We have served more than 70,000 poor persons who are worthy since August 1920. When we have a complaint against a small loan company, we do not rush into court for redress; we prefer to take the matter up with the head of the organization in the city, and we have had uniform success in obtaining fair and reasonable adjustments for our clients. The law limits those in the small loan business in Pennsylvania to loan in the amount of $300, and to an interest charge of 3½ per cent per month, which is the legal rate for this class of loan.

Now your business is about to be jeopardized by the advent of a greedy outfit of schemers, known as the salary-purchasers. The public is about to be the victim of this ignoble gentry. They are real money grabbers. There is a record of cases where they have levied a toll of 2600% per year from their unfortunate victims, and their victims are the wage earners of this country, the very salt of the earth. Their victims are that vast army of plain, unobtrusive folks, who attend to their own affairs, rear their families decently, and ask only that they be accorded the privilege of living in reasonable comfort in this free country of ours. Surely these people deserve protection.

As far as the Bureau of Legal Aid, Department of Public Welfare, is concerned, they shall obtain the fullest measure of protection. We shall endeavor, when occasion arises, to obtain redress for persons who are victimized by salary-purchasers. We shall handle these cases with such vigor that we trust the business will not prosper in this jurisdiction.

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What is the law as to salary assignments in Pennsylvania?

(Here Mr. Hassrick quoted the law and decisions re salary assignments in Pennsylvania. Ed.)

The Russell Sage Foundation of New York, which conducts a department of remedial loans and which has been largely instrumental in effecting reform in the small loan business throughout the United States, has studied the question of wage assignments. May I quote some interesting excerpts from a study of this question, which I have been privileged to read:

"Obviously, therefore, my treatment of the law relating to small loans would be incomplete, unless it included a treatment of the law relating to wage assignments, so far as it affects small loans. In addition, at the present time, the most pressing problem in this field arises from wage assignments. The 'Loan Shark' accustomed to from one hundred and twenty per cent to five hundred and twenty per cent per annum, or more, dies hard, and he is now putting his transaction in the form, not of a loan secured by an assignment, but in the form of a purchase of the wages, and is claiming thereby to be exempt from all usury and loan laws. His claim is: I am not making a loan, I am buying wages. I am simply purchasing a claim, and therefore no loan law applies to me, and if I purchase fifteen dollars worth of wages, payable in one week, for ten dollars, and thereby extort 2600% per annum from the wage earner, no usury law and no loan law can touch me."

It appears from a survey of the Russell Sage Foundation that the greater percentage of persons assigning their salaries for loans is comprised of railroad employees, public employees, employees of department stores and certain types of industrial concerns.

This report shows further that "In England and in most of the American States the unearned fee and salaries of public officers and employees have been held unassignable on the ground of public policy: 'The law presumes with reference to an officer of trust that he requires the payment which the law has assigned to him for the purpose of upholding the dignity and performing properly the duties of that office and therefore will not allow him to part with any portion of those fees either to the appointer or anyone else. He is not allowed to charge or encumber them. That was the case of Parsons vs. Thompson 1 H. Bl. 322. Any attempt to assign any portion of the fees of his office is illegal on the ground of public policy and held therefore to be void.' "

After carefully summarizing the situation in the various states as to wage assignments, the Foundation makes these recommendations: "In the present statutes, we therefore find without exception a steadfast and constant purpose to protect the assignor. Various methods have been tried in various states, and even in the same state at various times, and the tests of experience and of survival of the fittest seem to recommend that the wage earner and his family should be protected against improvidence:

1. By limiting the amount that may be taken from any one wage payment, preferably to 10% thereof;
2. By requiring the consent of the wife or spouse to any assignment of wages; and
3. By limiting such assignments to debts contracted simultaneously with the delivery thereof;

That he should be protected against fraud,

1. By requiring the assignee to deliver to him at the time of the transactions either copies of all papers connected therewith or a detailed memorandum of the transaction which will bind the assignee, and
2. By requiring that all papers be executed by the assignor in person; and

That the assignor should be protected against extortion by

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1. Limiting the rate of interest or return to the assignee and giving the state full supervisory power over the later, in return for which a rate greater than the usual contract rate of interest in the state should be allowed on transactions of $300 or under, but still a rate within reason.

2. By inflicting severe civil and criminal penalties in case of disobedience of the law, particularly as regards the rate of interest or return."

It would appear that the most effective method of attack in this business, which I understand is now about to invade both Pittsburgh and Philadelphia, would be to consider the advance of a sum of money to an employee to be paid out of his earnings is in essence and substance a loan, and therefore subject to the usury and small loan laws in effect in this state. These salary purchases are mere subterfuges to evade the small loan law, particularly inasmuch as these loan laws are remedial measures adopted for the specific purpose of regulating all advances of small sums of money. There can be no question but that the legislature in enacting the small loan law intended to cover just such small loans of money as these salary purchasers make.

To date, the operations of these salary purchasers have been particularly flagrant in such states as Georgia, Ohio, Illinois, Michigan and Missouri. We do not contemplate their invasion of this state with any enthusiasm, but we shall endeavor by every legal means to make it as unpleasant for them in Philadelphia as the nature of their business deserves.

THE VALUE OF THE REJECTED CUSTOMER

By P. C. Hess

It would seem that a customer who could not meet your credit standards would be of no possible benefit to you. This is the point of view of many Managers, but it is not the right one, and by accepting it Managers are giving away valuable business.

The advertising cost per customer made, is obtained by dividing the number of accepted loans into the monthly advertising bill. This gives a definite money cost for obtaining each account offered. This figure can be reduced in only one way, and that is by having those customers who do not come up to your standards for credit carry away with them literature and personal impressions that cause them to recommend your service in their neighborhood, and get a customer for you to offset their own rejection.

Study each applicant. When a prospective customer approaches the cashier's window with the request that he be granted a loan, it is customary for the Manager to measure and weigh him by his "loan sense." This "loan sense" cannot be defined. It is a feeling that is the result of years of credit and collection work, and it enables its fortunate possessor to size up a prospective customer almost offhand and tell whether or not he meets the requirements.

It is the habit of some Managers to turn these customers down almost without comment, simply saying that they cannot make the loan. This costs money. It adds to your overhead expense, and it adds to your cost per loan. Therefore it directly concerns your record as an efficient Manager to salvage whatever business can be had at a profit from this class of customer. It requires a little time, a little thought, and considerable tact, but it can be done, and this is the way it should be done. In spite of the fact that the prospective customer does not measure up to your standards and that you have no intention of getting him on your books for any amount whatsoever, it is still a fact that this undesirable customer may have friends who come well within your requirements and who need immediate money. In order for him to tell these friends about your service, your rates and your business, he must first know something about them from you.

The psychology involved is perfectly simple. The man wants money, or he would not apply for it. However much he may want the money, he wants it as cheaply as he can get it, and the idea you must bear in mind is to make him want it so badly that he is willing to pay your price to get it. This does not mean raising his hopes with any false assurance. On the contrary he should be allowed to select the amount of money that he thinks is necessary to ameliorate his condition. The application should be looked up, and when the customer calls to inquire he can be told that the credit committee has refused to make the loan because they consider that he is not handling his business affairs as well as he might, or for any other reason that is backed up by any statement on the application. In no cases should the Manager simply hide behind an imaginary committee and say that they refused to pass the loan, and that he does not know why. Any person of ordinary intelligence knows that credit is either granted or refused for definite reasons which are known as well to the Manager as to the committee passing judgment, if there be a committee.

Tell your customer where his apparent fault lies, and tell him that you can give him the amount that he wants provided he can so change his condition that the committee will approve his next application. Show a personal interest in helping him as best you can. That forestalls any demonstration of disappointment, and leaves the customer in a friendly frame of mind. Mistakes, of which he was unaware, have been pointed out to him in a helpful way, and he is assured that he is a worthy person and that the Manager will help him get the money he so urgently needs.

The main impression that the rejected customer has when he has been shown where his failing lies is not one of resentment. He feels that he has met a friend who is giving him advice in order to help him, and he cannot help but feel that this advice is prompted by a friendly spirit of helpfulness, inasmuch as it has cost him no money.

It is natural for any man to assume that, once his application is taken, he is accepted as being worthy of credit, and the chances are greatly in favor of his having told his neighbors or close friends that he is going to borrow or even has borrowed a certain amount from you. He now tells them that he did not get the money, and the manner in which he tells them determines how much business you are ever going to get from his close friends or associates. If he reports that you are a fine fellow and tried to get it for him, but that the credit committee (a very indefinite term) turned him down because of such a thing which he had never thought of, and that you took him into the office and showed him how he could change that condition so he could get the money a little later—he and his friends, both, get the instant impression that you are not only all right personally, but that you are helpful and friendly and that your company is a businesslike concern, inasmuch as it discovered something about this man that he did not know himself.

It may be claimed that this waste of time spent in looking up the application, taking the application and rating the customer is not justified. The only time it is not justified is when it causes undue expense or loss of money to the customer, not to the loan office. This can be avoided easily. Tell the customer that inasmuch as his application must be passed on by the credit committee you want to be able to tell them all the good things you can, and because you know what the committee looks for, you want to be able to tell them everything about his affairs. You will be surprised at the reasons that will come out why you should make that loan. The next day, when he comes in to find out whether he gets the money or not, you can tell him that the committee decided that a loan at this time would weaken his position, but that as soon as he had settled some of his debts to come and tell you. Make it clear that his credit standing goes up a notch every time he pays a bill.

Any man constantly engaged in the granting of credit becomes adept at recognizing the various types of customer who come to him for money. However, there are so many things that are known equally to the prospective customer and to the Manager that it is not possible for anyone, after a glance at a person and without a thorough questioning, to be able to determine whether or not that person would make a good loan.

An application that plainly shows that the would-be customer is a dead beat should be given no hope. These dead beats as a rule are quarrelsome and one method of rejecting them is to tell them that since, their old debts should take their surplus until paid, your committee was unable to rate their credit high enough to make them a loan, but that as soon as they meet their obligations and reestablish themselves on a firm credit basis you will be glad to take up their application again and bring their change of status to the attention of the committee.

Persons who misrepresent a statement should be told that it was discovered that such a statement in their application when checked up could not be verified, and that unless they are prepared to prove the accuracy of the statement mentioned the matter cannot again be referred to the committee.

Regardless of the fact that you are not going to make the loan and probably never will make the loan, carry your friendly sales talk all the way to the door of the office and let the last word you say to them be friendly. Thank them for making the application, and express your regret that certain facts of their application make it impossible to grant their request, and that you will be very glad if they can come back when conditions have changed and submit another.

Remember that every rejected applicant is the person who believes he has a reason to find fault with everything, from your advertising to your service. They are the people most likely to tell others to stay away. You cannot afford to throw away the trade of their friends who are eligible for credit. You must have them leave your office in the frame of mind that they are to blame, and that you are helping them overcome the reason for rejection, as quickly and as helpfully as possible.

The successful Manager is a man who not only extends credit and makes collections, but is a man who extends friendship and makes customers.

DOUBLING UP

"Quod medicorum est promittunt medici, tractant fabrilia fabri.

Physicians attend to the business of physicians, and workmen handle the tools of workmen."

—Horace—Satires. I. I.

Just as half of the duty of any reputable physician is the prevention of disease, so the small loan man of today should consider that half his business is the prevention of the ills usually attendant upon poverty due to mismanagement or other unforeseen emergencies.

The basis of small loan service is a truthful, frank, and full relationship between customer and lender. Business built on any other basis may be profitable for a while but it is hurtful to the customer, instills a non-cooperative spirit in the lender, and cannot prosper for very long.

Just as a doctor vaccinates for disease, so should the small-loan man of today investigate his customer's financial condition and diagnose his ills before applying a preventative measure to insure against their recurrence or their development into even more serious stages.

The greatest bar to confidence between the small loan man and his customer is the natural secrecy of the customer concerning his exact financial condition, and yet there is no other way for the small loan man in his capacity as financial advisor to work out the customer's financial problems than by a knowledge of the full facts of the case. Fortunately, the majority of small loan men operating loan offices today engender in their clients a spirit of confidence born of their own spirit of helpfulness. Anything that tends to break down the barrier of secrecy or to remove the natural barrier of reserve between strangers is to be commended. Anything that tears down this structure of good-will should be cut out just as remorselessly as a surgeon removes a troublesome appendix.

The practice of doubling up is prevalent in many communities, and is one great evil of the loan business. Considering that the satisfactory loan office customer of today is known to be the man who gets one loan, gets on his feet and stays there without further recourse to the loan office, it can be readily seen that the only solution the modern money lender has for his problem is to get his customer out of debt as quickly and as painlessly as possible. This he cannot do if he permits the customer to cultivate the borrowing habit or if he will willingly lend him money knowing him already to be in debt beyond his means to pay.

Money lending has seen many changes and has passed through many stages of operation. Its ethical practices have passed through as many different phases as its operating practices. In fact, one is more or less dependent upon the other because, strange as it may seem, the only business that can succeed today is a business founded upon the proper ethical conception of the relationship between the business and its customers.

How shall we present this problem of doubling up so as to show the dangers attendant upon the practices?

Is it enough to say that a debt-ridden customer is a loan office liability and that no loan manager, no matter how clever, can get a customer out of debt and keep him there if another and less scrupulous loan manager is keeping that customer's nose to the grindstone? The service you render him is overweighed by the pernicious influence of your competitor. The service you would render him he is unable to accept because of his added financial responsibilities and liabilities.

It takes money to make money. It takes money to pay debts, to keep up one's credit in the neighborhood, to present a decent appearance, to raise a family, to buy the thousand and one things that enter into the business of the modern household.

The money for these human necessities can be obtained by any person of good character and the extent of his purchases arranged for him so that he can not only repay his indebtedness but gradually clear himself of debt and stand upon his own feet.

The spirit of the Uniform Small Loan Law is so obvious that we wonder sometimes why it is that loan men sometimes miss the obvious teachings of it. What do you suppose lead to the fixing of the $300 limit? It was the figure arrived at after years of intensive research as the highest figure that the average small loan customer could hope to repay. Why was the rate fixed at from 3% to 3½%? That figure also represents years of tedious research to determine the amount of interest necessary to protect invested capital without oppressing the customer. Why does the contract provide for loans twenty months in duration? Because the gentlemen who contributed their time and energy found that a lesser period of time was in many cases oppressive, and that twenty months was none too long.

All of these major provisions of the Uniform Small Loan Law are constructive. They are intended to build up a customer's financial standing in his community and to enable him to meet sudden emergencies safely and without disrupting his entire economic existence.

How can the spirit of these provisions be carried out by those who are morally and legally bound to observe their precautions and the spirit in which they were written if one short-sighted loan manager is permitted to undo the beneficial work of a man far-sighted enough to realize that only by true service to his customers can he build business and keep it in the face of competition?

The Uniform Small Loan Law expressly states that loans in excess of $300 are not permissible. In spite of that, we have in mind case after case where doubling up has permitted the customer to obtain nearly twice the amount specified in the law as being the highest amount that he can hope to repay.

You may say that in most communities where doubling up is permitted, that there is a lender's agreement that the amount of both loans will not exceed $300.

That is a fallacy. The man who goes slow on his account at one loan office will very likely go slow at both and at the same time. His monthly interest charges soon carry him far beyond the $300 limit if his two loans are of the usual doubling up size.

Bear in mind that it is not the customer who wants a small amount of money that practices doubling up. As a rule the amount applied for exceeds $200.

Let us view the practice of doubling up from still another angle, that of friendly, clean competition. Competition is a stimulus to business, providing the competition is clean and carried on with the interest of the customer as the factor of primary importance. Unfortunately, doubling up as a rule, creates an unhelpful spirit, lowers the mutual confidence and esteem of lenders so engaged, and in some cases at least wrecks the entire credit organization to which they belong. It is only natural that this should be so. In fact, the only unnatural thing about it is that its truth is not more widely recognized and acted upon. Even in communities where no credit information bureau or exchange has been formed, it is customary for ethical lenders to telephone each other every morning and ask if they have such and such an application on file or on their books. That is a form of mutual protection that all lenders concerned appreciate and value highly. They purchase each others accounts occasionally with the full knowledge that what might be an easy collection for one may be hard for the other and vice versa. We have seen many rival LMS gathered around a luncheon table discussing their problems as frankly and as freely as if no real competition existed because their interests were identical and all were imbued with the knowledge that only by giving their best to the people could they expect the public to support them. Needless to say, the practice of doubling up was not thought of and collection cooperation has reached the point undreamed of in communities where doubling up was permitted.

Put yourself in the customer's place. Could you get out of debt if you owed more than one loan and had other debts to deduct each month from a meagre income? And yet you must get your customer out of debt if you are to perform the service for him that he is paying you for. Your interest charges cover more than the use of your money. They represent a fee for a financial advisory service to prevent a recurrence of the customer's financial difficulties. You must put yourself in his place and get him out of trouble or you have overcharged him and have done an injustice to the entire business of making small loans. If you get him out of debt you will get every friend he has for a customer to replace him when his loan is paid off. You build an endless chain of good will more effective than any advertising that you can put in newspapers. You build a business that is not dependent upon the employment of heavy weight collectors to get your interest for you. You build a regard among business men in your town for a type of public service that they themselves are not prepared to give, and, since it contributes to their own prosperity, they endorse your methods and contribute to your prosperity by sending you business.

The acceptance of a person as a customer and the granting to that person of a loan makes you morally responsible for his financial welfare, just as the acceptance of a fee by a physician presupposes that he will give the patient the benefit of every particle of professional knowledge that he possesses regardless of the disease encountered.

That is the duty of all loan men. Give every particle of professional knowledge that you possess regardless of what caused the customer's financial difficulties. Get him out of debt and make your loans to his friends and their friends.

You cannot do it if you tolerate doubling up. You are dividing the responsibility of your customer's financial good health with another loan manager whose diagnosis may not be as accurate as yours and whose conception of service may not be as broad. You are endangering your own future business by permitting another man to undo your work. You are jeopardizing your own public good will and lessening your influence in your community by a silent endorsement of a non-constructive practice, hurtful to the customer, damaging to the reputation of the loan man who practices it, destructive to the growth of public good-will, and dangerous in its legislative potentialities.

Let us quote another's viewpoint, Mr. J. D. Burwell of the Dayton Industrial Lenders Association, in the AILA Year Book for 1925, says:

"I can say nothing but good for the Credit Bureau whose sole purpose is SERVICE to every Credit Grantor, and the Bureau that does not recognize that mission has no economic justification and I say the same thing of any business or profession that cannot come out into the open and to cooperate with his brother to overcome the ills of the credit field that are so common today.

I remind you before I finish, the salvation of our credit liberties lays with our mutual interest in each other's welfare and the agency of common endeavor. "In Unity there is security, lasting peace and prosperity."

"We demand that big business give people a square deal; in return we must insist that when any one engaged in big business honestly endeavors to do right, he shall himself be given a square deal."
—*Roosevelt.*

CLARENCE HODSON, JR.

COOPERATION

When I was requested to write a paper on a subject of my own selection I was just a little puzzled what to write on as mostly everything pertaining to our Business has been thoroughly covered, but as we are always open to new ideas and suggestions which will be helpful to us, and as the success of any business depends largely upon cooperation, I decided to use that as my subject, I hope that my paper will be helpful to you.

1. We will take our Office where we conduct our business, which is lending money to the necessitous borrower, we organize our working force and after being instructed in the fundamental principles of our Business we assign each one to their certain duties each one putting their shoulder to the wheel and starting the Business along the Road to "Success," but to reach that success it is necessary that each one's effort is so coordinated as to make this unit comprising the working force to function properly, this can be attained not only by each one doing their duty but each one taking a personal interest in the success of the business so there will be no friction which would impair perfect functioning, then the many problems that confront us daily will not be neglected in any detail, all of these requirements in the success of any Business are of little avail without the consideration of the value of each worker. The successful Employer and Manager will properly appraise the value and service of each worker. Good-Will is a part of these Human Values, and it counts heavily in the success of any Business and as an economic standpoint. The average Business House or Financial Institution today no matter how large or how small it may be realize the value of using cooperative methods. If the relationship between the Employer and Employee or among the Employees be of a friendly nature so as cooperation is firmly established, then the best interest of the business will be protected, but if the relationship between the employer and employee or among the employees be of an unfriendly character so as dissention prevails then the Business will suffer injury and Financial loss.

2. Cooperation with the borrower should be given sincere consideration. It is not my object to dictate to you how to conduct your business, as many of you men have had many more years experience than I have had, you know and I know that in cases where we collect through legal channels most always part of that account is charged to Profit and Loss, when an account becomes delinquent or so seriously delinquent that you have decided to take legal action, it would be wise to carefully investigate the case before doing so, this should be the last method resorted to as there may be some reason why this customer is not paying other than evading payment, and through cooperation with the borrower you may find some way that this account can be adjusted satisfactorily to you and satisfactorily to the Borrower, and in this way you will not only insure payment of that account but gain their Good-Will, which in many cases proves very profitable, not only in getting the money loaned back with interest, but their credit can be re-established so we can have a continuation of their business. Great deeds can be accomplished through cooperation.

3. Our Association was formed with the idea of upholding the dignity of the Loan Business, and to bring about through these meetings a closer understanding among the membership, we are all engaged in the same line of Business, each working for their individual success, but in striving for that success we sometimes become a little selfish to our fellowmen, we can't close the doors on ourselves thinking we have the very solu-

tion for the success of our Business, for we do not want to forget that it is the interchanging of the ideas of others with our own, and it is the co-ordinating of these ideas as we progress that assures success and helps to keep our Business on a High level standard. We should cooperate at all times, by cooperating we are helping one another, and by helping one another we will be helping ourselves, we should not degrade any of our legitimate competitors no matter how large or how small their business may be, or complain of their method of doing business to the borrowing public, as this will prove very harmful to us, we want to cultivate the minds of the people to the High standard of our Business and to eliminate any existing prejudice. Our present and future prosperity depends not only on our ability to analyze and understand the problems that arise each day, but to so co-ordinate and blend into Harmonious cooperation all the factors entering into our Business, so as to bring about a strong and helpful organization, we should make no effort to transgress on each other, or should there be any attempt to usurp the information received from one another which would in any way jeopardize the helpful understanding of that Member. Our dealings should be candid and unbiased with no thought of selfishness but helpfulness in mind, and in this way confidence can be established and respect for each other can be maintained, as we are associated for the welfare of our Business and mutual protection.

H. A. Hollworth, *Mgr.*
Provident Loan Company.

THE USURY GAME

What the "Small Man" Pays for Commercial and Mortgage Accommodation—Three Potent Remedies for the Abuse.

(From the Magazine of Wall Street for March 27th, 1926.)

"The rate of money is 5%." So runs the average commentary in the financial press. Such statements must appear the acme of irony to a multitude of small home builders, who know, to their cost, that the rate of interest they pay is frequently above 10%, and often more than 20%.

It makes no difference that 43 out of our 48 states have apparently stringent usury laws. It makes no difference what the rate of money is in Wall Street. Year in and year out, a great multitude of small business men, temporarily in a disadvantageous position, pay an appalling toll to the money lender.

How Many Are Filched?

When a leading expert in the banking system was called upon to give his opinion upon what are commonly called pawnbrokers' rates, he answered airily, "Oh, any responsible business man can get accommodation from banks or mortgage companies, at, say, 7%. These cases of which you speak must be marginal. There must be tremendous risk attached in making such loans and all in all, this can apply to only a tiny part of the commercial community." This is a typical attitude, yet it is not correct. As a matter of fact, the slightest examination of the situation reveals the fact that there is a normal volume of borrowing at 10% or more.

For example, let us take a corporation —fairly well known, but not of prime quality—that comes into Wall Street for its initial financing. Let us assume that it issues a 7% preferred stock, at 90, to be retired at 110. In the case of the smaller companies, such an issue would not be unusual. But its securities are not easy to sell. They lack "knowability." Hence, the company receives only about $80 per share from the bankers for every $100 sold. At that, the bankers may not make much money on the sale at 90. But from the viewpoint of the company it is paying about 9% in interest, or $7 upon the $80 received.

Now let us assume that five years pass, and the company's credit standing rises to equal the best. It may now wish to refund by issuing a 6% preferred stock. As such, it will have to retire its 7% preferred stock at 110. That means a premium of $30 upon $80 received in five years, or $6 per annum. Add this to the $7 paid annually in dividends and it will have paid each year $13 on every $80 received or interest at the rate of 16% per annum.

A still more striking example is the ordinary commercial discount. If billings are made on the basis of 2% for 30-day payments, then the rate of interest prevailing in favor of the cash buyers is 24% per annum at simple interest. In the case of a great firm, it can finance itself by 90-day paper at 6%. In the case of a smaller concern, although reputable and solid, it can, say, obtain only three-fifths of its needed "line" with the banks. At the same time it hates to forego the 30-day discount. It will be glad to pay 18% to usurers for two-fifths of its needs, in order to take advantage of such discounts. In other words, it will pay on a loan of $10,000, $360 per annum on $6,000, $720 on $4,000, or $1,120 equal to 11.2% on all its accommodation.

That such a concern is not exceptional everyone knows. That the usurer takes practically no risk he well knows; since such a loan is not made because the concern is in distress, but merely because it sees greater commercial advantage in making such a loan. In other words, it goes to the usurer for exactly the same reason that it goes to the bank.

The third obvious field where large masses of borrowers pay usurious rates is that of the second mortgage. Let us take the situation in New York City. Here is a city, the very head and front of our lending system where, undoubtedly, the lowest money rates in the United States systematically prevail. Interest rates must, on the average, be higher elsewhere. Yet, the greatest number of second mortgage loans on two-family homes is made as follows: $1,000 is loaned out for only three years and only $750 is actually advanced in cash for this three year mortgage. Interest at the rate of 6% on the full thousand is discounted at once.

How the Usury Laws are Evaded.

It is perfectly obvious that in this case a loan has been made at 14% per annum. Friends of the writer tell him that he is extremely conservative in his position, and that 25% is the more usual rate. It is, however, true that the average second mortgage loan on brownstone houses on the West Side of New York, where the first mortgage amounts to only 50% of the assessed valuation, and where the second mortgage does not more than equal 20% of the assessed valuation, has been found on the average—despite denials by the lenders—to be 18%.

Straight evasion of the usury laws in the sense of ignoring them is common enough. Whenever surveys have been taken of national banks, the majority have cheerfully admitted that they frequently make loans at rates exceeding the statutory limits in their respective states. The bank is the natural competitor of the usurer and is equipped to crush him, once it strives to throw off the shackles of usury restrictions. As we will point out later, the bank is restricted far more, however, by a childish notion of what constitutes safe banking than it is by usury laws.

How It Sometimes Works

The most common form of usury is for a borrower, having an excellent line with a bank, to lend out the sums it has loaned him at 7%, at higher rates of interest to less fortunate men. The medium in New York City may be a lawyer who sometimes spends less of his time at law than at amateur financing. This type of lawyer is ideal for this purpose because he knows fully the distresses of some of his clients and the prosperity of others. Here circumstance marks him out as a natural broker.

Since his most responsible client is conservative, he effects a loan, very often, from his conservative client, to himself at about 15%. This gives his client 8% above what he pays the bank, and he feels secure because he has not as yet paid the lawyer certain fees. The lawyer speedily relends to a man whom he knows to be a rather solid borrower at what amounts to 25%. This borrower, in turn, loans to the "graveyard" man at the equivalent of 40 or 60% or whatever he can get.

Then follows the comedy of collecting. When the first borrower from the bank cannot obtain adequate renewal terms, he gets after the lawyer immediately. The lawyer gets after his client, and so on down the line. The ultimate pressure falls on the last frantic borrower who often must obtain money borrowed at the rate of 75% to repay money borrowed at 60%. He has very little option, as he is caught in a circle and he hopes against hope that he may yet be able to beat bankruptcy. The usurer may be clever enough to become very friendly with his victim, thus making it difficult, socially, for the victim to repudiate even if he wishes.

The methods by which these illegal rates are obtained are simple enough. The usurer uses the bank's methods of obtaining a higher rate than is legal. He requires the borrower to keep a balance of, say, 25% of the loan in the bank, thus converting a 10% loan into a 12.5% loan. But as a matter of fact, what is more often done is that the loan is made in cash against which a note will be given, often two or three times the amount of the money transferred.

The following form is orthodox. Four thousand dollars is advanced in cash. A note is made out for $8,000. This note is payable in one year. It is payable, however, at the rate of $2,000 per quarter. Very often interest at the rate of

6% is immediately returnable out of the $4,000 cash advanced. The average man finds it difficult to appreciate fully what such a rate of interest amounts to. It is certainly beyond 100%.

While borrowers in such cases are usually bad risks, every usurer can tell you that it takes three or four years for victims to reel into bankruptcy. In other words, the usurer can afford to lose the principal and still have made 25% per annum on his man. Obviously, if usury were not a paying business and a heavily paying business, despite its risk, and moral stain, men would not be so actively in the game. As a matter of fact, millions of men in the United States are caught in the usury mesh, from the farmer paying 12% on good collateral security, and the responsible business man paying the same rate of interest for most of his accommodation, whether directly or indirectly, to the necessitous borrower on a large scale paying at the borrowing rate of 100% per annum.

Loans such as those made by collateral loan societies, conservative pawn brokers, Morris Plan Companies, etc., although at a rate of interest far exceeding the normal, are not, in essence, usurious. Since the loans are not made as a rule for productive commercial purposes, they can be considered loans for consumption, or to tide over certain difficult periods. The most philanthropic investigators have been compelled to realize that in view of this non-productive basis for most of such loans, a high rate of interest must prevail, if such accommodation is to exist at all. Nevertheless, organized intelligent effort has reduced the rates on such accommodations, from the 20% a month charged by the loan shark to 3% or so a month charged by the best collateral loan societies. What has here been done on a small scale can commercially be effected on a large scale by three great reforms.

The first step must be the absolute abolition of all usury laws of any type with reference to commercial loans. Once it is legal to loan out money at any rate of interest whatsoever, it follows that the supply of money that can legally and honestly come into the field will be so increased as to reduce the rate of interest. Since the borrower must obtain money, if he obtains it by illegal shifts he will pay far more than it is worth. Laws against usury are ghosts of the past and nothing more. In the Middle Ages, the church held the payment of all interest to be unjust, and its sentiments remain imbedded in the statutes of a later day, even though the church itself accepts interest today.

The second reform will ultimately follow from the first. Instead of banks merely lending out to prime borrowers, they will by experience discover what the British banks have discovered. They will discover that risk in less desirable loans can be definitely measured and a premium charged accordingly. In this way, any sound business man will be enabled to obtain his full line of credit at a rate of interest sufficient to guarantee the bank as an average against loss. The limit of the rate of interest would then be the highest possible economic rate of interest consistent with profitable use by the borrower. This, and not the law, should fix the natural usury limit.

A still further method that can act collaterally to better the situation is the cooperative union of smaller business men. Those who know the success of mutualism, as it is called, in the Province of Quebec, know very well that it dooms the usurer. As usual it is in self-help that the salvation of the smaller business man will be found.

Agricultural loans have been brought within reason in the United States by the Federal Farm Loan Banks and Joint Stock Land Banks. While they have not remedied the entire situation they have taken the edge off most of the injurious loans. In Germany where the farmers were formerly in the clutches of usurers, the cooperative Raffeissen system has changed the face of the situation. The provincial banks were at first hostile but are now advocates of the system. The Schultze-Delitzsch credit unions have enabled the professional and executive classes to duplicate the success attending business men's cooperative credit unions. It is obvious that constructive measures against usury which have worked well in Europe will work well here.

THE LOAN SHARK RETURNS

By Walter T. Dunmore,

President of Cleveland Legal Aid Society

For centuries men have differed upon the subject of the payment of interest for the use of money. Some have believed that society should not permit the recovery of any interest; others have believed that there should be no usury laws and that the price of money should be governed by supply and demand, as is any other commodity.

The result of this difference of opinion is usually some sort of a compromise such as is effective in Ohio. Our statute fixes the legal rate of interest at six percent, but permits the parties legally to contract for eight per cent. However, if a rate in excess of eight per cent is stipulated or deducted by the lender, the law will help him to recover his loan and six per cent interest. Obviously, we do not take all our usury laws seriously, or the usurer would be penalized by a refusal of the courts to help him recover his principal, or, at least, would allow him no interest.

As a matter of fact, not all contracts for usurious interest are equally comprehensive. Our Legislature recognized this when by a statute effective in August, 1921, a corporation borrowing money for a year or more was forbidden to interpose the defense of usury. Our lawmakers felt it wise to legalize a transaction whereby a corporation agreed to pay more than eight per cent in a market where it could not borrow money more cheaply.

Most of us shed no tears over the cases of the corporations or speculators who propose to pay twelve per cent for money with the use of which they expect to make twenty or thirty per cent. They have made a business venture and morally should keep their promises. Far different, however, are the cases of the unfortunate and helpless whose necessities force them to submit to any exaction. The individual who forces the needy workman to pay a hundred and fifty or two hundred per cent amply secured by chattel mortgage may well be denominated a loan shark. It is against this type of loan shark that the Cleveland Legal Aid Society has waged war for many years.

Some years the Legal Aid Society had a fairly constant series of complaints from poor borrowers who had promised to pay extortionate interest charges. It soon became evident that some constructive action should be taken to abolish the loan shark. The decently conducted chattel mortgage agencies, the Legal Aid Society, and a few individuals prepared and secured the enactment of a law requiring those engaged in making chattel and salary loans to secure a state license. Such licensed agencies were permitted to charge a maximum of three per cent a month, except where the loan was twenty-five dollars or less, when five per cent might be charged. Obviously, the chattel loan agency can exist only if permitted to charge what seems a relatively high rate.

The result of placing the chattel loan business uniformly upon a legitimate basis and subject to state supervision had an immediately beneficial effect. The legitimate loan agencies took the field formerly occupied by the lender who had demanded many times the rate now permitted by statute. At times, a period as long as a year elapsed without the Legal Aid receiving a single complaint against a chattel loan agency.

During the last few weeks complaints against chattel loan agencies have commenced to come to the Society in something like their former volume. All sorts of devices are used by lenders, the net result of which is that the borrower pays a rate of interest well over one hundred per cent. The writer was at a loss for time to determine the cause for this revival of illegitimate loan agencies, but probably this revival is to be ascribed to that well-known law of supply and demand.

Probably everyone has noticed the phenomenal increase in the extension of credit during recent years. Anything from a birdcage to an expensive garment or jewel may be purchased on installments. Every individual is literally begged to avail himself of his credit and purchase now with what he hopes to earn in the future. The volume of installment sales in the automobile field is an example of the way in which the public has accepted the offer to sell on credit.

With this increase in credit naturally comes a desire on the part of the seller to increase the pressure on the debtor who does not meet his obligations. This pressure was materially increased by an Act of the Ohio Legislature, which becomes effective July 21st of this year. previously to that a debtor's wages were exempt except where the claim was for necessities, in which event ten per cent might be taken. Now ten per cent of a debtor's wages can be taken on any claim and twenty per cent on a claim for necessities. Thousands of people who could not be forced to pay by legal means now find that they must pay if they work. At a time when there is every encouragement for the man of small means to over-extend his credit, the seller is given a more powerful weapon to compel payment.

Judge Stanley Orr is authority for the statement that there are on an average 200 aids of execution each week in the Cleveland Municipal Court. These proceedings are brought against judgment debtors who have no tangible property which can be found to subject to levy. The debtor finds that his employer may be served with a notice to hold the debtor's wages. He also knows that his employer has given notice that any employee whose wages are seized by legal process will be discharged. He will pay any rate to obtain funds for temporary relief.

The harvest is ripe and the loan shark has returned to reap it. If he does not succeed in doing so, it will only be because of vigorous action on the part of those who are opposed to the heartless exploitation of the poor and helpless.

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"SMALL LOANS" FOR SAVINGS BANKS

Two or Three Mutuals of Massachusetts Are Working Along This Line

As long as we have the poor with us, and we are told that this will be always so long will the small loan remain a necessity. The time-honored sign of the pawnbroker, so frequently seen in the less prosperous sections of any city, calls attention to the number of loans, secured by personal property. There is no such sign to indicate the families which, driven by dire need, have mortgaged their future earnings, instead of some chattels, to provide for immediate demands.

The public is inclined to look upon the lender to these people as an extortioner. There is no doubt, however, to those who investigate, that a real service is rendered, even though his methods are often crude, and sometimes are businesslike to the point of brutality. Where would the poor man finance his needs, if the money lender were not ready to take the risk, upon consideration of an ample margin of interest. It is interesting to learn that an exhaustive study of the subject of small loans by the Russel Sage Foundation, resulted in the opinion that a proper charge for money borrowed may well be as much as three and one-half per cent per month, or forty-two per cent per year. Such a burden must rest heavily, of course, upon any man's shoulders. Here, as in many cases, the poor pay higher for what they buy than do the rich. It is, however, difficult to reduce these charges to an appreciable extent, for, beside the element of risk of loss of the money, there must be a charge to cover the expense of investigating the applicant, as well as the charge which may properly be made for interest.

One Successful Case

Recently, it has become apparent to at least one of the savings banks of Massachusetts, that laws already on the statute books make it possible for it to combine philanthropy and profit by furnishing small loans to deserving people. A considerable volume of "small loans" business can be done through use of the three-name note. The three-name note is one of the legal investments of the savings banks of Massachusetts and is nothing more than the name implies. The borrower obtains two other signatures acceptable to the mutual savings bank which is to make the loan. He receives the money for a term of six months or a year as the case may be with an interest charge of around six per cent. In the past and at present, business men and others have been largely served by mutual savings banks, under this law. The cotton mills of New England were beneficiaries of it for years, until a law of more specific terms was passed in their behalf. It remained for the bank previously mentioned to extend such privileges to the ordinary applicant for a small loan.

The small loan, as generally understood, does not exceed $300 and in amount is not large enough to be profitable to the ordinary commercial bank. The savings bank, however, which knows its neighborhood well, can handle such sums with profit, and the bank is already provided with the machinery to take regular payments from the borrower without imposing prohibitive costs.

Purpose of Loan

The man desiring a loan has various reasons for needing the money and these reasons should be subjected to careful scrutiny before the loan is granted. Emergencies caused by sickness or death, the necessity for an essential article of furniture as, say, a cook stove or equally important home fixture, or a pressing call for warm clothing, have caused many men to consider the desirability of a loan which places the whole amount in the hands of the borrower with the possibility of distributing the repayments over a period of months. Undoubtedly these are sound reasons for requesting loans when the value of the article to be purchased is in accord with a budget that really fits the income of the borrower. This preparation of a budget is important, for an extravagance on the part of one family may not be an extravagance in a case where the total income is greater. Sales of automobiles, talking machines and radios are now financed in other ways by regular companies, and probably they ought never to be financed through small loans, anyway.

Kind of Man

It is well, in the case of "small loans," to learn whether the applicant has permanent employment with adequate pay. A man may be in the employ of a firm for some years without earning the right to be considered a permanent employe. Continued shortage of labor may prolong his employment, but there is in the mind of his employer that he will be the first to go when any are to be laid off. Probably this fact would be hard to discover, because the man most concerned does not know the truth. Such a man is not a desirable debtor, if the bank's costs are to be kept at the lowest possible figure, even though he is as honest as the day is long. The amount in his pay envelope may at least tell a part of the story, for the lowest on the list of desirables is usually paid accordingly. Then, too, a savings bank can usually learn from the employe, himself, whether a particular employe is really a permanent man.

The two names which he presents to supplement his own signature on the note should receive careful attention. Of course the bank will insist upon the qualification that they are able to meet the note when due, if the borrower fails to do so, but there is more to it than that. They, his fellow-signers, should be men standing in such relation to the principal that he will be unwilling to have them find him failing to meet his obligations and that he will move heaven and earth to keep their respect. Several of the agencies making small loans recognize either the value of the endorsers as aids to prompt payment, or the powerful incentive resulting from the knowledge that a default will become known among the man's associates. They are able to conduct their business with a very low percentage of losses as a result. The savings bank should be ready to utilize all the experience gained by others in the course of business in addition to the numerous quirks of the trade gained by its own officers. It can hardly go wrong, if it insists upon shopmates or others, for fellow signers, who bear an equally close relation to the borrower.

Investigation Easy

It is not an easy task to find out the real character of a man. When he comes to borrow money, the bank's officers would have a hard task, if it were not for the relationship which the typical mutual bank of New England and New York bears to the community. Many small deposit accounts, such as are handled by a bank of this type, however, cause a large proportion of the inhabitants to be included among its customers. Thus it becomes easy to learn the concensus of opinion regarding a man at the teller's window, even though he has not been previously known. Here is where the savings bank is particularly fitted to assume a part, at least, of the small loan business, for the less investigation there is to be made, the smaller will become the cost of the loan and the less the errors in judgment, the more money will return in safety to the institution which loaned it.

Deposits To Pay Back

Paying back a loan is always a hardship, even for the most strongminded. This is the reason why provision for repayment should be made so moderate that it will be as pleasant as possible for those whose intentions are good but who would fail to carry any really hard task to the end. Here has been the factor which has usually impaired the usefulness of the savings bank, as a bank of small loans. Lacking the urge for regular saving, the borrower permits week after week to slip by, without making provision for the coming maturity of his note. He is more than likely to come to that critical time without the money to pay. If he cannot pay, there is more or less mental anguish on the part of the borrower and a mixture of feelings in the bank and between the hapless two who signed the note.

As has been said, the savings banks have all the machinery necessary for performing a small loan service. Even the repayment of borrowed money can be made from week to week without increasing costs greatly, since for this the readiness to accept small deposits may be utilized. All that is necessary is to see to it that the borrower makes a deposit of the correct amount each week until the due-date of the note means the transfer of his savings and the extinguishment of the debt. The compelling force behind the deposits could be a standing threat to notify the other signers that their principal appeared to be failing to live up to his word and making it clear that if he did not pay his friends would have to. Doubtless when thus remonstrated with, the borrower would make the proper deposit.

U. S. Investor

April 3, 1926.

MARYLAND

The Maryland Industrial Lenders Association held its regular monthly meeting in the Board Room of the Baltimore Association of Commerce, Tuesday Evening, April 13th, at 7:30 P. M., about fifty Lenders being present.

Treasurer Goldrick reported all dues paid to date.

Publicity Chairman Holden reported progress and took the opportunity to roast the Secretary for not having had due notice of the meeting in his hands several days in advance, regardless of the fact that the By-Laws of the Association say that the meeting shall be held at that time each month.

President Hood speaking for Entertainment Committee Chairman Pumphrey reports a splendid program being arranged for the Annual Meeting in May, which included the Broadcasting of the Program, and the promise of the Baltimore Police Quartet to entertain.

Mr. Rosenfield Membership Committee Chairman reports progress and appointed Mr. Baseman, and accepted as a volunteer President Hood to serve with him on his Committee. Mr. Rosenfield said he had talked to several non-members of the Association and that he had hopes of increasing the membership in the near future.

E. F. Moore, of Philadelphia, spoke forcibly on the value of membership in the National Body.

A letter from National Secretary Kehr dated November 28, 1925, proposing a change in the Constitution of all state associations with respect to dues, was read and upon motion by Mr. Mattingly duly seconded and carried the following proposal from the National Secretary was adopted:

I am proposing as the most fair and scientific solution of the whole difficulty, a change in the constitution of all the state associations with respect to dues, dues of $1.00 per annum on the average loan balance of each office, 50c of which is to be paid to the national association in which membership is obtained automatically when any office joins the state association. All privileges now enjoyed by members of the national association will be included in this membership. I would place no minimum or maximum amount that could be paid.

The members were privileged to listen to a splendid talk by E. F. Moore with reference to the evils of the garnishee laws as practiced in some states, and said he hoped the members of the Maryland Association would never approve such a law for Maryland.

Upon motion by Mr. Gardner duly seconded the Association waived its rights to notice of a meeting to strike out the amendments adopted April 8, 1924.

Upon motion by Mr. Gardner seconded by Mr. Mattingly the amendments adopted April 8, 1924 were ordered stricken from the By-Laws of the Association.

Howard T. Mattingly,
Secretary.

MICHIGAN

The Michigan Association opened it's 10th Anniversary Meeting at the Elks' Club in Saginaw, Michigan, with an address of welcome by the Hon. Albert W. Tausend, Mayor of Saginaw, who delved into history, both ancient and modern, regarding the loan business and his laudatory remarks were received with great applause by all. The address of Welcome was answered by Chairman, Norman Buckner. Forty-two members answered roll-call. Those present from out of the State were Messrs. J. H. Aufderheide, of Indianapolis, Past Chairman of the American Industrial Lenders' Association; John D. Williams, of Philadelphia; B. E. Henderson, J. Rose, L. C. Dunn, Harry Drake, of Chicago; G. C. Grinsteiner, of Indianapolis; C. B. Liggett, of Dayton; C. C. Woodley, of Toledo. The morning session terminated at 12:45 o'clock P. M. in order for us to have lunch and refreshments arranged for, by Tom Tierney and his entertainment committee.

The afternoon meeting was called to order by Chairman Buckner, who, for the benefit of the large number of new members, introduced Mr. J. H. Aufderheide as one, who has put forth great efforts to help put the loan business on a legal basis. Mr. Aufderheide in his remarks, made an appeal to all members to keep the business clean by association and cooperation among licensees and by rendering the greatest service possible to the public. That the progress made by the Association was gratifying to all. He mentioned that ten years ago, when this Association was organized, we were few in number but great in purpose and today we have grown to a membership of forty-nine, which is about 80% of the licensees in the State of Michigan.

The old Constitution and By-laws were rescinded and the new ones drafted by J. J. Bentley and W. G. Stevens were adopted.

The question-box was opened, which, as usual, brought up many important subjects to discuss.

Treasurer Hanes reported balance on hand of $1,025.28.

It was moved, supported and carried that in the future all Annual meetings will be held in Detroit in October of each year. Messrs. Welch, Dudley, Bentley and Stevens were appointed as the entertainment committee for the next meeting to be held in Detroit, October 21, 1926.

Mr. Tom Tierney, of Saginaw, and Mr. R. A. Pearsall, of Bay City, were selected as delegates to the National Convention in Cleveland in September. Mr. Smith, of Jackson, and Mr. Hanes, of Lansing, as alternates. Meeting adjourned at 5:30 o'clock P. M. and turned over to the entertainment committee who put on an entertainment that would even make Indianapolis step some. There was plenty of music, dancing and 17 rounds of good boxing.

Everyone was so well pleased that they gave Mr. Tierney three lusty cheers more than once during the evening. We had several talented musicians among our members who played the violin well, also, a new form of entertainment known as round table play put on by Messrs. Firth and Liggett. When the boxers shook hands at the end of the last five-round-bout it brought to close the greatest and most enjoyed meeting that Michigan has ever had.

W. G. Stevens,
Secretary.

THE MEASURE OF MAN.

Not—how did he die?
  But—How did he live?
Not—What did he gain?
  But—What did he give?
These are the units
  To measure the worth
Of a man, as a man,
  Regardless of birth.

Not—What was his station?
  But—Had he a heart?
And—How did he play
  His God-given part?
Was he ever ready
  With a word of good cheer,
To bring back a smile,
  To banish a tear?

Not—What was his Church?
  Nor—What was his creed?
But—Has he befriended
  Those really in need?
Not—What did the sketch
  In the newspaper say?
But—How many were sorry,
  When he passed away?

—Kansas City Times.

And that's That.

Ye Secretary.

SUCCESSOR TO THE LOAN SHARK IS THE "TIME BUYER" WHO COLLECTS 288 PER CENT INTEREST AND DODGES LAW

By L. L. Stevenson

From the April 18, 1926, issue of the Detroit News

New York.—The old-fashioned loan shark is rapidly becoming extinct. Twenty-two states, including Michigan, now have laws that protect from extortion the borrowers of small sums of money. The small loan business, recognized as legitimate and filling a definite need, has been made respectable in those states by being placed under the supervision of the state banking departments.

But though the loan shark has been almost put out of business by these laws, he has left a successor, a crown prince, who, within the last few years, has grown to such proportions that despite the remedial legislation, he is practically taking the place of the shark. The loan shark, in effect, has really only changed his name and his methods.

Now he is known as a "time buyer," a "wage buyer," and in some localities as a "time merchant." He does not conduct a loan office and instead of his business partaking of the nature of banking, it is merely a place of commerce.

Millions in Profits

By making it so, he escapes the law. But he does not neglect to collect profits—the word "interest" was very nearly written—on his transactions which, according to Leon Henderson, associate director of the Division of Remedial Loans of the Russell Sage

Foundation, run into many million dollars a year.

The theory of the loan shark is that money is a commodity which may be sold and sold like a suit of clothes or a dozen eggs, the interest being the profit on the transaction. The "wage buyer" or the "time merchant" has a similar theory. He holds that wages are property and being such may be bought and sold like an automobile or a corner lot. In the days of the loan shark the note held the victim in virtual slavery and in this day of the "time buyer" it is the bill of sale. The effort is the same—the victim pays and pays and in the end finds he still owes the original sum.

The "wage buyer" is a recent development, a product of Atlanta, Ga., the greater amount of business being in the hands of several companies known as "The Big Four."

Cover Country.

As the business is immensely profitable. there are a host of imitators, of course, but, Mr. Henderson said, "The Big Four" are still the leaders and it is "Big Four" that have so developed the business that, though it is practically nation-wide, it is conducted like a chain store system.

The "time merchants" resent the name of loan shark—not alone because of the opprobrium associated with that title, but because in so many states the loan shark is an outlaw. But despite the change in name, the methods of operation have a striking similarity. For example, there is the matter of security. The loan shark's protection was the job of his victim. If he didn't pay up the loan, he lost his job because of garnishee proceedings. With the "time buyer," the seller of his wages must buy them back at a heavy increase or he is garnisheed and is fined.

"Railroad men are the favorite clients of 'time buyers' " said Mr. Henderson. "Suppose a man has two weeks' pay coming and needs money immediately. He goes to the office of the 'time buyer' —there is at least one such office in Detroit—and sells one weeks time.

"Not a Loan"

"If he has $50 coming, he will be given $25, for which he signs a bill of sale, similar in form to any other bill of sale, except that it usually contains at the bottom, a note saying 'this is not a loan.' The $25 he receives must be paid back in two weeks, the lender's security being the bill of sale. At the end of the two weeks, the borrower returns $27.50 or whatever has been agreed upon. After executing the bill of sale, he is merely acting as agent of the 'time buyer' in collecting his own wages. If he fails to bring in the money, he is garnisheed and generally when a man is garnisheed, he loses his job.

"When he sells his wages, he signs an application which is in two parts. One part of this is detached and sent to Atlanta where it is filed. This gives the home office a check on its agents. When he buys back the bill of sale, it is either returned to him or destroyed. Often his signature is torn off and handed to him.

"In one case in Chicago, a man had paid $1,008 on an original advance of $120, the transaction extending from pay day to pay day over a period of four years. And at the end of that time, he still owed the $120."

Uniform Law

The Russell Sage Foundation began the study of the loan shark situation in 1910. Following an exhaustive investigation, the Foundation worked out a "uniform small loan law" which has been adopted, with only small variations by Maine, Connecticut, Rhode Island, Pennsylvania, Maryland, Virginia, West Virginia, Georgia, Illinois, Indiana, Iowa and Arizona, while New Hampshire, Massachusetts, New York, New Jersey, Ohio, Michigan, Colorado, Utah, Florida and Oregon operate under laws which are the same in principle. In 1923, the Foundation drew an amendment to this law with the object of stiffening it so that the "wage buyers" would be barred out. The amendment classifies the buying of wages no matter how the transaction is described as a loan.

"This 'time buying' evasion—which is really all it is—is a comparatively recent development in the situation," said Mr. Henderson, "and is one to which we are giving a great deal of attention.

"We are interested, not only because of the tremendous loss it causes to working men, but also because of its anti-social nature. One of the requirements for making most legitimate loans is that the wife sign the note also. The time buyer does not require the signature of the wife and thus the husband gets in debt without his wife knowing it. Our entire study convinces us that 'time buying is one of the most vicious forms of lending. Relatively, it is only a small part of the small loan business, but it is so vicious that it causes more trouble than all the rest.

Growth is Large

"The growth of this business has been very large lately and this is due largely to inertia and to the secrecy of the business. The companies keep as few books as possible and records are destroyed at the completion of each transaction. Thus when a 'time buyer' is brought into court, he is able to say that no such transaction occurred or that he does not remember such a transaction.

"The fountain head of this business seems to be Atlanta. In Georgia, there are 21 licenses under the uniform small loan law while in Atlanta there are 125 'time buyers' or companies. The Legal Aid Society in that city is doing excellent work there, however, as it has obtained 125 injunctions and 14 grand jury indictments. In Georgia, these companies have obtained some favorable court decisions owing to the fact that they brought the test cases themselves. Elsewhere, the courts have almost uniformly held that if you can prove that the transaction has the aspects and characteristics of a loan, it is a loan.

"Atlanta is a convenient depository for the records that must be kept and it is from Atlanta that traveling auditors swing out in a great circle that takes in about 20 of the principal cities of the country. The 'Big Four' alone does a business of between eight and ten million dollars a year, and every bit of this is in small loans. The volume of business is possible because of the organization, all of the offices being parts of a great chain."

Charges Vary

Charges vary in different localities, Mr. Henderson said, but the average, as nearly as he can determine, amounts to about 288 per cent a year. For a $10 loan, $12 is charged, the borrower having the use of the money only two weeks. For $15, the charge is $17.50; for $25, the borrower must repay $28 or more.

"To get lists of customers these companies usually have on their pay roll a pay roll clerk or a foreman," Mr. Henderson continued. "These also act as spies on the men."

"It is our opinion, backed up by our studies, that the 'time buyer' is as big a social menace as the loan shark."

Ten thousand records from loan offices in 17 states show that the two original causes that bring people to ask for small loans are sickness or death in the family and the loss of a job. The largest sums borrowed are for doctors' bills.

GRAND JURORS WILL FISH SOON FOR LOAN SHARKS

Loan sharks whose demands have driven many victims into the hands of the United Charities are under investigation by the state's attorney. The loan concerns are alleged to be operating in a vicious circle, with chains of offices in twenty or more cities. Their method is to purchase the wages of workers before the workers earn them and then to exact a toll of 20 per cent and more a month interest.

Several victims during the day told their experiences with the sharks to Assistant State's Attorneys Robert E. McMillan and Joseph Nicalai. Stenographers took down their statements and when the reports were read to the prosecutor he asserted there would be grand jury action.

Concerns Facing Inquiry

Here are some of the concerns which will come under the state's attorney's scrutiny:

Union Purchasing Co., 312 South Clark street; Illinois Finance Co., 10 North Clark street; Illinois Finance Adjusting Co., 22 East Van Buren street. Account Brokerage Co., 111 West Jackson boulevard; Salary Purchasing Co., 312 South Clark street, 325 West Jackson boulevard and 440 South Dearborn street; Central Finance Co., 160 North Wells street; Englewood Finance Co., 63d and Halsted streets; Burnside Finance Co., 9246 Cottage Grove avenue; Cook Purchasing Co., 9320 Cottage Grove avenue, and others.

Several of these admittedly are owned by the same group of men. But so involved are the affairs and organization that no one could say whether the several so-called "salary purchasing" companies are one or several concerns.

Acts to Aid Charities

State's Attorney Crowe started the investigation some days ago, it is learned, at the instance of the United Charities, into whose legal aid department the victims have been flocking.

Miss Irene V. McCormick, attorney in the legal aid of the charities, brought in the victims and a bundle of evidence which convinced the prosecutor, he said, that grand jury action is the only thing which will stop the sharks' practices.

The prosecutors said all of the concerns are operating apparently just outside the state usury laws. The legal percentage which licensed companies may charge is 3½ per cent per month. The group of new sharks operating mostly on small salaried men are known to have charged in one case at least as high as 70 per cent.

Miss McCormick, who has been investigating for months, says there is undoubted evidence that the same group of men who are operating in Chicago have been operating extensively in many other cities.

Some Owned in Atlanta

Thus the Union Purchasing company, the Illinois Finance company, and the Account Brokerage company are admittedly being operated by R. D. King and G. H. Rosenbusch, of Atlanta, Ga. And Miss McCormick has received requests for advice on how to deal with complaints similar to the Chicago ones from that southern city.

Also one shark is said to have made the statement that all the concerns were conducting chains of loan offices and that these extended in a vast system through 22 American cities.

The system employed is simple. The victim is loaned $25 at a time—no more. When he gets the $25 he gives a note for $27.50. He is required to pay the note in two weeks. When he pays the shark at once loans him another $25 and he gives another note for $27.50.

The allegations are it was a system of all pull together. One victim borrowed $25 from the Union Purchasing company, 312 South Clark street. That was two years and four months ago. He was sent in turn to three other concerns. And for 28 months he paid each of the four $2 50 on the 12th and 27th of each month. In the end he paid $140 extra for each original $25 he borrowed.

Chicago Tribune
April 8, 1926.

INDIANA INDUSTRIAL LENDERS ASSOCIATION

New Members—None—This is the first month in a long time that a new member has not been elected.

Skips—Katherine Slatzer from Indianapolis to ? Clarence P. Bolyar from Indianapolis to ? Roy W. Jones from Indianapolis to ? Hugh Smock from Indianapolis to ?

Convention—The program for the annual convention is nearly complete, however, if you have any suggestion to make, drop it in the mail today.

The program will go to the printer May 1st.

Reservations—Make your reservations now at the Claypool Hotel; the demands for reservations at all times are enormous and we do not want any member sleeping on the roofs. *Don't put it off* but make them *today* and *be sure and bring your wife.*

By your cooperation this will be the banner convention. Most of the chain operators have signified their intention to have their managers and wives attend.

You will find enclosed a directory of licensees prepared by Ye Secretary. The Board of Directors authorized one copy to each licensee that paid yearly dues and in good standing. Any additional books can be secured at $1.00 per copy.

Over One Hundred books have already been sold without any solicitation on our part.

The survey has been delayed on account of proof reading but we have positive assurance that copies will be ready for convention if not before.

Boost the convention in your city among the various members.

Getting the most out of life, is simply a matter of putting more in to it.

Here's a good one and when you come to the convention, ask me to tell you the story about the eight cats, it's a whiz bang, and if you are able to give the correct answer to the following problem, you will be awarded a fur lined bath tub.

If it takes a four-months' old woodpecker with a rubber bill and a high geared neck nine months and thirteen days to peck a hole through a cypress log that is big enough to make seven shingles and it takes 165 shingles to make a bundle worth $1.89, how long will it take a cross eyed grass hopper with a cork leg to kick the seeds out of a dill pickle?

—Adscript.

CONVENTION NEWS

The place of the twelfth annual A. I. L. A. Convention has been changed to the Statler Hotel instead of the Cleveland Hotel, as formerly announced. The dates remain the same, September 15, 16 and 17.

The committees are all busy now arranging details for your edification and entertainment.

Frank J. Schneider, 2063 E. Fourth St., Cleveland, Chairman of the Entertainment Committee, would like to know how many members are interested in having some athletic contests during the convention and of what nature desired.

The National Federation of Remedial Loan Associations has abandoned its intention of holding a convention this year, so all the time will be taken up with our own business.

Dr. C. G. Mueller, 220 S. Sixteenth St., Philadelphia, is making headway on the business program but needs more material; that is, good, live subjects and competent persons to volunteer to handle them.

Is there any one in our group who knows about the practices of the second and third mortgage operators and their unscrupulous practices so that he could prepare an intelligent paper on the subject?

Have you any amendments to the Constitution and By-laws to propose? If so, advise the National Secretary at once.

MASSACHUSETTS

The regular quarterly meeting of the Massachusetts Industrial Lenders Association was held on April 15th at Young's Hotel.

There were 33 members present, this being a banner attendance for all time. The guest of the occasion was Mr. Earl E. Davidson, Supervisor of Loan Agencies in Massachusetts, who informed us that he was to broadcast a talk on the small loan situation through WNAC on the 23d day of the month.

Mr. H. J. Desormeaux, our genial chairman, was elected a delegate to the Cleveland Convention; he was also instructed to attend a meeting of State Chairmen at that time. It was decided that Boston would be an unfavorable spot in which to hold the next meeting scheduled for July, and a committee headed by Mr. Newman, of the Ideal Financing Association, as chairman, was appointed, to determine a more favorable place during the hot weather. After considerable discussion a committee was appointed, headed by Mr. Blandford, of the Superior Finance Service, to arrange for a Lenders' Exchange in the City of Boston.

The Brockton, Worcester and Springfield offices of the Ideal Financing Association and the Taunton and Lawrence offices of the N. E. Equity Corporation were elected members of the Association.

The resignation of Vice-chairman J. R. Watson was accepted, and Mr. Alexander Youngerman was elected to fill this office. C. C. Rock, *Secretary.*

THE MASSACHUSETTS SMALL LOANS LAW

(A radio talk by Earl E. Davidson, Supervisor of Loan Agencies of Massachusetts, given under the auspices of the Boston Better Business Commission.)

There are perhaps but few people residing in this commonwealth who realize what has been done to protect the borrower of small sums of money—the person who has no regular banking facilities—from exorbitant charges and rates of interest on loans of $300 or less. There was a time when the loan shark flourished in this state as elsewhere; but in 1911 the Massachusetts Small Loans Law was passed by the legislature. This law was amended several times in the interest of the small-loan borrower until 1916 when there was a considerable revision of the law. At that time Mr. Arthur H. Ham, Director of the Division of Remedial Loans of the Russell Sage Foundation, an endowed philanthropy of New York City, was undertaking a thorough study and investigation of the small loans business and the rates of interest charged throughout the United States. Because of the testimony of Mr. Ham and other sponsors of the bill before the Massachusetts Legislature, it was then decided to fix the rate of interest at 3% a month on loans of $300 or less. Six months after the amendment of the Massachusetts Law in 1916, the Russell Sage Foundation decided that 3½% a month was a more scientific charge and so placed this rate in the Uniform Small Loans Law which has been adopted and is now in operation in many of the states.

The Massachusetts Law requires that no one shall engage in the business of making loans of $300 or less if the amount to be paid for interest and expenses exceeds 12% per annum, without first obtaining a license from the Bureau of Loan Agencies. There is a severe penalty for violation of this law. The license fee is $100 a year. The licensed lender is required to file a bond of $5,000 with the State Treasurer for the faithful performance of his duties and obligations pertaining to the business. The lender is also required to file with the State Supervisor weekly reports of all loans *made* of $300 or less, of all similar loans *discharged,* also a monthly and an annual report of his business. The supervisor's office is always ready to give information and listen to complaints of borrowers without expense to them and has been very helpful to those who have been in financial difficulties or have not clearly understood the contract which they have made when negotiating small loans. For instance, there was the case of the employee of a certain railroad who complained that one of the brakemen was making loans of $10 a week as a friendly act to fellow employees at a charge of $1 a week for each loan. Little did the unsuspecting borrower realize that although he only had the loan for a few weeks it was at the rate of 10% a week or 520% a year. Of course, this practice was stopped by the supervisor at once. Similar cases of exorbitant charges reach the ear of the supervisor occasionally but most borrowers now realize that if they deal with a licensed money lender he will resort to no such practice and that the borrower will be well protected by the State Supervisor.

There is, of course, much need in the legitimate field for the licensed lender. Sudden sickness, death, the necessity of meeting store bills for furniture, clothing, repairs of property, house painting, coal bills, or buying the now quite essential small automobile, either for the use of the family or for business, are some of the reasons why people negotiate small loans which may be paid back in installment repayments to suit the borrower's convenience as to time and amount. The loan business operated in accordance with the law and the rules and regulations of the supervisor, is a legitimate business and as such is conducted on a much higher plane than formerly. It is the endeavor of the majority of the licensed lenders, because they are operating under state supervision, to constantly try to better the personnel of the loan agencies engaged in the business. There are today nearly 100 lenders licensed in this state and operating under supervision.

There is a State Association of the licensed lenders affiliated with a National Association which meets annually, discusses the various phases of the business and has, on various occasions, invited the supervisors from the several states, and officials of the Russell Sage Foundation, Division of Remedial Loans, to their meetings in order to obtain constructive criticism of their business and methods. This article from their By-laws indicates their purposes:

> "The objects of this Association shall be to improve the small loan business; to advocate legislation, having the approval of this Association, uniform in character and providing for State License and Bond, and supervision and examination by state officials; to assist in education of the public to the service rendered by our members; to obey the uniform loan laws ourselves and police the business; to regulate public advertisements and circulars so that they shall be truthful and straightforward; to establish uniformity in forms, books and accounts, satisfactory to the licensing officials; to maintain good relations with all state officials and their examiners; to assist and coöperate with all members of this Association and affiliated state associations in respect to accurate credit information, and assist in the collection of accounts, dealing with them always in a spirit of fraternity and helpfulness; to provide occasions for pleasant intercourse between members."

Perhaps you may be interested to hear just how loans are made by the licensed lenders. Let us take a loan of $100 for instance, as an arbitrary amount. There is one method of conducting the business by which, after the application of the borrower has been passed upon favorably, a contract is made by which the borrower receives $100, signs a note for that amount, and agrees to repay the loan in 10 monthly installments of $10 each. He is charged 3% on $100 for the first month, or $3; 3% on $90 for the second month, or $2.70, etc., until the loan has been discharged. In other words, he pays interest only upon his unpaid monthly balance of principal. He may repay weekly if he wishes, but interest is still charged on monthly balances. This is the method of loaning for which the Small Loans Law was framed. Later another method of loaning, employed by certain licensees, was brought under state supervision. By this plan, after the application is accepted, an investigation fee, usually 2%, is charged. The loan is discounted at 6%, so while the borrower signs a note for $100, he actually receives but $92 and contracts to repay $2 weekly for 50 weeks. Now this latter method means that the borrower actually has the use of but $92 for one week; $90 for two weeks; $88 for three weeks, etc., and therefore the actual expense to the borrower under this method is 19.3% per annum. If borrowers are delinquent in their weekly payments there is a system of fining, by which loans have been known to reach or even exceed the legal maximum. Such cases have to be adjusted in accordance with the supervisor's directions.

During the past license year over 147,000 loans of $300 or less were made by licensed lenders, in this state, amounting to $14,288,000. These are all reported to, and filed in, the Bureau of Loan Agencies, which has a working force of three besides the supervisor and is self-supporting in that the sum taken in for license fees exceeds the total expense of the Bureau, including salaries.

The Massachusetts Law has been in existence for 15 years, and in this time the "loan shark" has almost disappeared and moral usury has been practically eliminated. It could be entirely eliminated if all borrowers of small loans in the commonwealth would avail themselves of the protection afforded them by the Statutes and the Bureau of Loan Agencies, Room 74D, State House, where all complaints are courteously heard in private and considered confidential. Assistance is given promptly in all cases where there are improper practices or unlawful charges. It is only by complete coöperation between borrower and supervisor that the evils of the business can be entirely eliminated. The licensed lenders have, for the most part, shown a splendid spirit of coöperation under state supervision.

CLEVELAND HOST CITY TO A. I. L. A.

A Center of Recreation

By Convention Board,
Cleveland Chamber of Commerce

May one have a good time there? This question invariably suggests itself to those anticipating a visit to another city. They are, of course, interested in the business that takes them there—if it is not merely a pleasure jaunt—and they may want to see some of the city's industries or learn something of its civic history or its form of government, but above all else they must know what that city affords in the way of amusement.

In this respect those who plan to visit Cleveland during the twelfth annual convention of the American Industrial Lenders Association need have no misgivings, for Cleveland fairly sparkles with recreational facilities.

Summer or winter, rain or shine, there is always some place to go, something to do, something to see in Cleveland. In fact, few cities equal Cleveland in the diversity of its amusements, and none excel in the character of recreation afforded.

Theatres and Dancing

Cleveland's theatres, for example, present the highest class performances to be found anywhere in the world. Whether it be legitimate plays, vaudeville, musical comedies or moving pictures, Cleveland show houses present the "cream" of the theatrical talent of the nation.

The theatres themselves represent an attraction of note to the visitor. Nowhere are there more spacious, luxurious foyers, than are to be found in the magnificent show houses in "Playhouse Square," a recent development in theatre building in the heart of Cleveland's shopping district.

Here are theatres having an aggregate seating capacity of more than 12,000. One of these, a theatre occupying the lower floors of a new twenty-one-story building, is declared to be the "finest in the world." In its lobby are art treasures valued at thousands of dollars, which in themselves represent an unusual attraction.

Within a stone's throw of "Playhouse Square," and scattered throughout the downtown district, are many high-class cafés which offer entertainment and dancing. In all of the larger hotels are splendid dance floors. Cleveland also boasts of having two of the largest and most elaborate public ball rooms in the world. Dancing is a form of recreation that has no ending here.

There are always interesting places to go to be entertained in this middlewestern metropolis. In summer it may be a baseball game, as Cleveland is represented in the American League; or it may be a jaunt through Euclid Beach Park or Luna Park, Cleveland's largest amusement resorts; it may be a boat excursion, or again it may be a day's outing at one of the many pleasure resorts that dot the shore of Lake Erie for miles east or west of Cleveland.

In the fall and winter Cleveland's recreation program is replete with football, basketball, both indoor and outdoor ice events, amateur boxing bouts and other amusements. In football it provides a great variety with three college teams, many high school elevens and a world's champion professional team. It also boasts of professional world's championship basketball and ice hockey games.

Beautiful Parks

A motor trip through the parks always proves a delight to visitors. Extending like a girdle around the greater part of the city, the park and boulevard system is unrivalled by any city in the United States in its picturesque natural scenery. Deep ravines, waterfalls, fine old forests, sandy stretches of beach and huge rock formations of Lake Erie's shoreline, all combine to give these pleasure grounds rare charm.

Twenty parks, with more than 40 miles of well paved driveways and boulevards, comprising 2,420 acres, make up this great system. It contains 14 children's playgrounds, 50 baseball diamonds, 63 tennis courts, 14 skating ponds, 15 football fields and a sporty 27-hole municipal golf course.

In addition to this splendid park area, Cleveland and its surrounding territory embraces what is known as the Metropolitan Park District. This system, now under development, combines into one continuous outer encircling parkway the more important valleys and glens in Cuyahoga County and parts of the neighboring counties. The original project was a parkway approximately 70 miles in length, with an estimated area of 7,500 to 10,000 acres. The project now proposed embraces between 15,000 and 20,000 acres of parks and parkways.

Were one to soar over this vast parkway in an airplane during the summer season he would see thousands frolicking in the cool waters of Lake Erie at Cleveland's public bathing beaches; he would see laid out in many directions some of the finest private golf courses and country clubs in America; he would see tennis, croquet and horseshoe courts and baseball diamonds teeming with activity; on every hand he would find evidence of a sport loving community.

Strong in Organized Sports

Perhaps nothing reflects the scope of Cleveland's recreation facilities more than its record in the promotion of amateur sports, which is second to none in America. It was the birthplace of the amateur baseball idea, as well as the National Baseball Federation, an organization having a membership of thirty cities, conducting annual inter-city championship series. A total of 677 teams are represented in the association.

More than 30,000 registered athletes participated in organized sports in Cleveland in one year, of which 10,000 were baseball players, taking part in 2,809 games. Industrial plants alone contributed sixty teams, while the church league supplied thirty more.

Cleveland is a great basketball center. Leagues operating under the Cleveland Basketball Commission have a total membership of 853 teams. From this number about 120 teams are selected to play in the city-wide tournament held each year.

Other features of the city's organized sports include outdoor and indoor skating events, ice hockey championship events, ice baseball, outdoor swimming meets at bathing beaches and indoor events in nine city pools, a year-around soccer program and weekly gridiron battles in six amateur football leagues.

Yes, one may have a good time in Cleveland.

OHIO

The annual meeting of the Ohio Association will be held at Cleveland, Ohio, September 14th. This was decided upon at the last meeting of the Executive Board of the Ohio Association with the thought in mind that an annual meeting of the Ohio Association this year to be held as usual separately and distinctly from the National meeting would serve to detract from the attendance of the Ohio members at the National Convention.

Many of the Ohio licensees have never had the privilege of attending a National Convention, and thus by holding our convention this year the day previous to the opening of the National Convention will permit the Ohio members on one outlay of railroad fare to attend both meetings, and moreover we will be able to line up the Ohio boys for the various and sundry duties in connection with the proper reception of the delegates to the National Convention, and we think the plan is a very happy one.

J. Fred Anderson, *Secretary.*

RESOLUTION OF EXECUTIVE COMMITTEE

January 26, 1926.

Claypool Hotel, Indianapolis, Ind.

To the Members of the Indiana Industrial Lenders Ass'n.

Resolved: We hereby recommend to the Indiana Industrial Lenders Association that they change the constitution, Article VIII. which reads, "The annual dues of each office shall be $25.00 a year, payable semi-annually in advance," to read as follows:

"The annual dues of each office shall be $1.00 per thousand dollars of loan balance averaged monthly, with a minimum of $25.00, payable semi-annually in advance."

Provided: All other State Lenders Associations affiliated with the American Industrial Lenders Association adopt the same or a similar resolution, and

Provided Further: That reciprocal arrangements may be made with the American Industrial Lenders Association whereby the dues of the member offices in the American Industrial Lenders Association, be paid out of the Indiana Industrial Lenders Association dues. and

Provided Further: That the two associations shall agree that the American Association's share of the state Association dues shall not exceed 50% of the Indiana State Association dues.

(Signed) Benj. Blumberg, *Chairman,*
Special Committee.

ASSISTANT MANAGER WANTED

The services of a young man as assistant manager are desired by a company operating three offices, one in a city of 40,000 and the other two in towns of 12,000 each. He will need some loan experience and will be given an opportunity to serve in all phases of the business. The salary to start offered is about $30 per week. If interested, write with full particulars promptly to M. L. Anderson, General Manager, Mansfield Provident Co., 3rd & Walnut Sts., Mansfield, Ohio.

MANAGER WANTED
LOAN OFFICE MANAGER

as Officer of Established Philadelphia Office, about to incorporate.

One who can invest or interest capital. Give complete history of experience.

Address Box M—Box 778, Harrisburg, Pa.

SITUATION WANTED

Experienced Loan man desires position with reliable concern, where ability, honesty and hard work will be appreciated.

I am 40 years of age, married and can furnish the very best of reference.

H. M. Rockwell,
27 S. Forest Ave., Downers Grove, Ill.

The **KEY** *to Your* **PROBLEM**

Credits and Collections

Did you have any perplexing loan problems i your work today? How many of those account will have to be charged to profit and LOSS As many as there were several months ago? Today we offer you the loan experiences of experts—the answe to your problem. 43 lessons—personal criticisms—advisory service. WILL YOU TAKE THEM NOW OR IN 1926? Let us have your answer on the coupon below.

Industrial Lenders Technical Institute,
468 Fourth Avenue, New York City.

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name ....

Position ....

Employed by ....

Street and Number ....

City and State ....

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INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, No. 12. JUNE, 1926. Price, $1.00 a year.

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UNIVERSITY OF ILLINOIS

MEETING SCHEDULE

MARYLAND—Baltimore, June 8, 7 P. M. Board Room, M. & M. Bldg.

RHODE ISLAND—Providence, Biltmore Hotel, June 17, 7:30 P. M.

NEW JERSEY—Asbury Park, June 18.

CONNECTICUT—Lakeside Tavern, Hitchcock Lake, June 23, 2 P. M.

VIRGINIA—Norfolk, June 25.

TENNESSEE—Whittle Springs Hotel. Knoxville, July —.

PENNSYLVANIA — Reading, July 13.

ILLINOIS—July 30.

OHIO—Annual and biennial managers' meetings of the Aufderheide and Mackey organizations, September 13, 14, Cleveland.

OHIO—Annual Meeting, O. I. L. A., Cleveland, September 14.

OHIO—National Convention, Cleveland, September 15, 16, 17, Statler Hotel.

MICHIGAN—Detroit, October 21.

INDIANA—Terre Haute, November 17.

INDIANA

The Eleventh Annual Convention of the Indiana Industrial Lenders Association was called to order at two-thirty in the Club Room, Claypool Hotel, Indianapolis, Indiana, May 19, President W. G. Chandler presiding.

After a few preliminary remarks, President Chandler called upon Secretary Hartz for the Reading of Minutes of the previous meeting. Upon motion, duly seconded, this reading was dispensed with; but Secretary Hartz read the minutes of the Executive Committee meeting held in January.

It was voted, upon motion by Dr. Mueller, seconded by Mr. Stratton, that the report of the Executive Committee as read and supplemented by Mr. Hartz be accepted and spread upon the minutes.

The following committees were then appointed by President Chandler; Auditing Committee: Mr. Swank, Mr. Stokes and Mr. Cliff. Nominating Committee: J. H. Aufderheide, H. E. Arnett and C. E. Dunell.

It was voted, on motion by Mr. Broughman, seconded by Mr. Stratton, that the election of officers be advanced from the last order of business to Thursday morning, with the understanding that the retiring president preside until the close of the session.

At this time Vice-President Thompson took the chair, and President Chandler presented his report for the past year. It was voted, upon motion by Mr. Broughman, duly seconded, that the report of the president be accepted and placed on record.

Treasurer Hancock read his report, which, upon motion by Doctor Mueller, duly seconded, was referred to the Auditing Committee.

Secretary Hartz presented his report. Dr. Mueller moved that it be accepted and an expression of thanks be accorded the Secretary for his able conduct of the office. The motion was seconded by Mr. Stratton and carried.

The report of the Law Committee was called for, but Mr. Kaufman stated that he had no report to offer.

The report of the Membership Committee, presented by Mr. Burrell, supplemented by Secretary Hartz, showed that the present membership is 114, a net gain over last year of 21 members. It was voted, on motion by Mr. Hancock, seconded by Mr. Broughman, that the report be approved, and the bill allowed.

Mr. Thompson reported for the Survey Committee, and Mr. Henry of Henry & McClane, who compiled the Survey, gave a very extensive report, citing some examples and recommending that the members use the Survey, that the benefits to be derived from it would be in proportion to the amount of use and study given to it.

Mr. Hartz read various letters received from outside of the state in regard to the survey.

Mr. Howe S. Landers addressed the meeting on the subject of Fidelity Bonds, and spoke in part as follows:

"I have come to the conclusion that fidelity bonds are a good thing. Insurance, as the President of the Company I represent expresses it, is the application of prudence and forethought to the uncertainties of life .... You men are dealing with a peculiarly tempting commodity—namely, money. I think that you should apply prudence and forethought of a fidelity bond covering all of your employes .... The majority of losses under fidelity bonds come from a source that you least expect. The majority of losses under fidelity bonds come from a source, from individual employes, who have stood up best under a preliminary examination made at the time you bond them or at the time that you employ them. In other words, your losses oftentimes come from employes who are most trusted.

"You are dealing with the most uncertain quantity that is known to any of us, namely, human nature. There is no telling when temptation will present itself in a form so attractive, or so urgent because of the lash of necessity that hitherto honest and upright people yield to temptation, and having once made a false step, there is scarcely in any case any retracting of it ....

"Bonding companies are like any other well-run private institution. They attempt to operate their business at a profit ..... The most that surety companies have ever made on underwriting over a period of ten years has been ten per cent ..... Insurance companies strive to be fair. It is impossible to forecast with accuracy fidelity losses in the same way in which life companies can work out mortality tables. People die with a certain regularity. People steal or take money that does not belong to them with spasmodic irregularity and uncertainty. So the bonding and surety companies have striven to reach a fair average as to rates that would net them a hope, not a certainty, of a small underwriting profit."

Mr. Landers cited specific cases of losses.

Mr. Wilcoxen brought up the question of the wife signing a disclaimer when a contract was being signed. Mr. Thompson said that was usually used when there were two families living in the same house

Dr. Mueller thought there should be an expression of appreciation to the Survey Committee, to Mr. Henry and his associates for their very efficient work, and that the Committee should be kept standing so as to pursue this subject from time to time. He said he would like to see the history that is brought up to December 15 continued, and in order to insure a finer degree of accuracy, that the manuscript be submitted to Mr. Henry for his revision before it goes out to the membership.

Dr. Mueller moved that the Survey Committee be continued, that they continue to function and submit their bills here for approval. Mr. Stratton spoke in agreement of Dr. Mueller's remarks and seconded the motion, which was carried.

Mr. Blumberg presented the report of the Publicity Committee. Motion was made by Dr. Mueller to accept Mr. Blumberg's report with grateful appreciation and that he be continued in office. The motion was seconded by Mr Stratton and carried.

It was voted, on motion by Mr. Broughman, seconded by Dr. Mueller, that the proposed amendment in the mat-

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Va.—F. Bray, 201 New Monroe Bldg., Norfolk.
W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

ter of dues be read and held over for discussion and action tomorrow. The amendment was read.

The meeting adjourned at five o'clock.

At six-thirty a banquet was held in the Chateau Room. The invocation was given by Rev. J. Ambrose Dunkle. An interesting and entertaining program was furnished by the Paramount Parisians and the Paramount Popular Four. Following the entertainment, Mr. Francis L. Thompson, the Toastmaster, introduced Mr. Harry McClain, who gave a humorous talk which was very much enjoyed.

Mr. Thompson then introduced Mr. Evans Woollen, President of the Fletcher Savings and Trust Company, who spoke as follows on the Federal Reserve Banking System:

MR. EVANS WOOLLEN: Mr. Chairman, Ladies and Gentlemen: I wish before coming to the subject, to say one or two things which have come to me since I have come to the table. The first is this: I wish to take advantage of the first occasion to express my pride in the fact that it was in my state and pursuant to the activity of some of my friends that your business was started on the way toward legalization and standardization, started on the way to the excellent position of dignity which it now holds.

The second thing which I have in mind to say has come to me as I have observed the number of younger men here, and this is said out of a perhaps not inconsiderable experience in the lending of money. The thing that we are all after in this world, (at least should be after) is enduring satisfaction. We make for ourselves different definitions of what enduring satisfactions are.

Now, I am quite sure that there isn't any business more devoid of enduring satisfaction than the lending of money with an eye single to security and profit. On the other hand, I don't know of any business richer in enduring satisfaction than the lending of money securely and profitably but with an eye open to the usefulness of that money after it has been lent.

It is well for us who are in the business of lending money to remind ourselves now and again that the economic justification for our business is found in the taking of money that is not being usefully occupied and putting it to usefulness and accordingly I suggest to the younger men that along with the questions which occur as to security and profit, they put to themselves questions as to the usefulness which is to be found for the money they lend, that they give to themselves the satisfaction of seeking to follow the money which they lent into the usefulness to which it will be put by those who borrow it.

Now, it does seem too bad indeed to impose upon the unwilling ears of a group of ladies the unentertaining subject that I have in mind. I think had I apprehended that the audience was to be of this character, I should have suggested to Mr. Thompson the assignment of some subject less forbidding.

The Federal Reserve System is particularly on the minds of those who are interested in it, who have apprehension of its importance to our economic and financial life, especially at this time, because of certain pending legislation. There is now in conference in the Congress a bill known as the MacFadden Bill, a bill drafted by Mr. MacFadden, the Chairman of the House Committee on Currency and Banking, drafted for the purpose of bringing, if possible, settlement of certain controversies that have prevailed for several years. The bill passed the House perhaps six weeks ago, passed the Senate a few days ago, and has now gone as I have said, into conference. We shall await the coming out of that bill with interest in two particulars. In the first place, the bill when enacted will settle the distressingly mooted question of branch banking.

In the second place, and more importantly, it will settle or leave in condition of disturbing uncertainty the continuance of the Federal Reserve System.

A word or two may be of some interest as to the branch banking controversy. Bankers have been quite sharply divided in their judgment as to the expediency of the introduction into this country of branch banking. There are perhaps three groups of opinion: Those who hold—and they are much in the majority—that branch banking of any kind had better not be introduced into American banking. Secondly, there are those who hold that branch banking within the corporate limits of the city or town in which the main institution is established is expedient. And thirdly, those who hold the view that branch banking without geographical limitation is desirable.

Now, the MacFadden Bill, as it went to conference from the Senate, provided that national banks which heretofore have not had the right to operate branches may operate them within the corporate limits of the parent institution in those states where branch banking is permitted by state laws. The bill as it came from the House to the Senate provided that branch banking might be had within corporate limits, but only in those states where the laws now permit branch banking, forbidding the right of branch banking to national banks and state member banks of the Reserve System, even though the state laws may subsequently permit it.

Now, as to the second matter, the more important one, it is perhaps not generally in the minds of those who are interested in business and banking that the charters of the Federal Reserve Banks will expire presently in January of 1934. A year ago last spring Secretary Mellon called attention to the fact that as we approach the expiration of the present charters, there will be increasing uncertainty and disturbance of business if the charters have not been renewed. The discussion which followed the publication of that article has revealed that there are perhaps three groups of opinion on this subject.

First, those who hold that the Federal Reserve charter should not be renewed at all; secondly, those who hold that they should be renewed, but only after the amendment of the Reserve Act in certain important particulars; and third, those who hold that the charter should be renewed without awaiting amendment of the Act.

Now, a word or two as to the opinions of those who hold that the charters should not be renewed at all: There is more substantial opposition to the Federal Reserve System in this country than perhaps most of you apprehend. I heard the opinion expressed some months ago in a group of men who were discussing the subject, that it was doubtful whether the system could be continued by renewal of charters. I can't think that the opposing sentiment is as strong as that, but it is quite substantial. It arises from two sources: In the first place, there is a body of people holding the opinion that the administration of the Federal Reserve Act has been unfair to agricultural interests. The view is that agricultural paper has not been rediscounted in fair proportion. There is not, I think, justice in that criticism. The fact is that at the time of the crisis in 1920 and 1921, there was more agricultural and livestock paper under rediscount than there was of commercial paper proportionately.

The second source of hostility to the system arises from the view that the administration of the system brought on the deflation which meant disaster for so many people in 1920 and 1921. Neither is this claim warranted by the facts, as I view it. Without going into the reasons for thinking that that claim is not warranted, I wish to bring before you briefly a sketch of the Federal Reserve System with a view to inducing higher appreciation of the System, fuller understanding perhaps than that which you have in mind, of its usefulness in this country.

Now, as a background for such birdseye view, I ask you to go back in your memories, those of you who can go back that far, to the panic of 1907. I go back to that point because it was out of the sentiment which developed during and after that panic that the opinion became dominant that expressed itself in the Federal Reserve Act. Prior to 1907, there was an era of expanding business, and an era of expanding business is apt to mean, as in this instance it did mean, expanding loans and decreasing reserves. In such an era there comes a time when the expansion of loans must stop either by reason of the limitation of law or by reason of the limitation of prudence. When that time comes, when that came in 1907, banks became concerned primarily out of considerations of self-preservation, in the building up of their reserves.

In 1907 they sought to do this in two ways: first, banks declined to pay out currency. You all recall vividly, I am sure, how they declined to pay out currency. They sought to gather in currency from their customers, and their correspondents. Secondly, banks undertook to build up indirectly their reserve by the collection of maturing loans and the refusal to make new loans. There, then, in 1907, the banks of this country failed in the discharge of their two primary functions. They failed in the discharge of the function of furnishing money to the people at a time, the autumn, when they most needed money for the harvesting of their crops. Second, the banks failed in their function of furnishing credit to the people at a time when credit was most needed by the avoidance of disasters of precipitate liquidation.

Now, the Federal Reserve System was instituted for the purpose of preventing failure in this country in those two regards thenceforward. Any system that might have been devised for the accomplishment of those two purposes must needs first have consolidated bank reserves. The condition in this connection prior to the institution of the Reserve system has been likened, and I think quite aptly, to a community dependent for its fire protection upon water held by a bucketful by each householder. Our condition since the System went into effect is that of a community whose water for fire protection has been consolidated in a reservoir from which it is available for distribution to the endangered point.

This consolidation, as most of the men know, perhaps all of them, has been attained by the requirement that bank reserves of the member banks shall all be held by the member banks, of which there are twelve, instead of being held in the vaults of the city banks as before the System was instituted.

Now, the liquidity which has been attained by this consolidation is beyond comprehension by those who are not fully advised. Something like half a billion dollars daily is shifted in bank reserves by wire in this country now. The consequence of this liquidity is that there has been possible a very substantial reduction in the amount of money that has to be held in reserve, something like twenty-two per cent now being held as against thirty-six per cent of deposit liabilities before the System went into effect.

Well, then, the bank reserves having been consolidated, the System addressed itself to provision against failure in the discharge of these two functions: first, the matter of supply of money; and secondly, the supply of credit. Now, we never had in this country prior to the institution of the Federal Reserve System a sound currency system. We had currency that was safe enough. National bank notes were utterly safe, but they did not constitute a sound currency because they were irresponsive to the requirements of business.

In 1907, for instance, we found that there was no way of increasing adequately the currency then needed for a panic-stricken country. The currency now, federal reserve notes, are responsive. In the first place, they are just as safe; are protected by forty per cent of gold and a hundred per cent of available approved collateral, just as safe as the national bank notes and additionally are responsive in this way: a bank here wanting currency to meet the requirements of its business sends to the reserve bank in Chicago. In sending it draws against its accounts in the Federal Reserve bank or sends its bills up there to be rediscounted.

In response to the requirement of the Indianapolis bank, Federal Reserve notes are shipped here, are passed out by the bank into circulation, they find their way after a few days of circulation back into one of the local banks; some of the paper goes about the country. After a time that currency finds itself in the hands of one of the Federal Reserve banks, and thereupon it must be retired. Accordingly we have this endless process of issue, circulation, retirement. There cannot be, so long as there are sound assets in the bank, too little currency for the use of the country, neither can there be at any time too much currency.

Now, as to the other function, that of furnishing credit: that is achieved in this way: any member bank having sound assets, sound paper, promissory notes, may send them to its Federal Reserve Bank and the Federal Reserve Bank in return will either credit that bank on its books or send to it the currency as I said a moment ago. That process of rediscounting, as it is called, may go on, will go on just as long as there are sound assets in the member banks. Before the institution of the System, banks in the country, banks here, were dependent for their rediscounting facilities upon willingness and the ability of correspondent banks to rediscount. They are no longer so dependent, but may rely, as business may rely, upon this endless process of rediscounting.

Now, this all has resulted in a stabilization of business in this country which I think perhaps we do not fully apprehend. This stabilization is supplemented by two processes of which we do not hear much, but which go on all the while. First, this is the process of control by the Federal Reserve System of the rediscount rate. It simply means that the Federal Reserve banks with the approval of the Federal Reserve Board, may, finding that business is sluggish, lower the rediscount rates with a stimulating effect. Contrarywise, finding that business shows a runaway tendency, the discount rate may be put up and as it were, a brake applied.

The other stabilizing process is that known as open market operations. Open market operations are the dealing by the reserve banks in two kinds of securities, bankers' acceptances and government obligations. The law provides that the reserve banks may hold these two kinds of obligations, may buy and sell and hold them. Primarily they buy these two kinds of obligations or securities for the purpose of supplementing their earnings, but secondarily and more importantly, for our purpose at present, these open market operations are carried on for the purpose of stabilizing business, stabilizing the money market and it is done in this way:

If it is believed by the Federal Reserve authorities that business is in need of more money than is at the time available for it, they buy in the open market, quantities of government securities and bankers' acceptances, and by the amount of the payment by the reserve banks for these securities, they enlarge the amount of money available for the transaction of business. As the expression is, they ease the market. Contrarywise, if they sell in the market securities, they tighten the market, reducing by the amount of the payment to the reserve banks the amount of money available for business.

Now, it is with regard to these open market operations that much controversy has arisen during the last year and those who hold that the Reserve System should not be rechartered until after the Act has been amended, having in mind these operations, it is claimed that the power which is thus placed in the Reserve System is too great a power to be placed in any group of officials, and the complaint is made more particularly that during the last eighteen months we have in consequence of the exercise of this power, had altogether too much money in this country, resulting in speculation which has gone on for some eighteen months in the stock exchange, culminating in the collapse of six weeks ago.

Now, I will not take your time, and weary the ladies further by a discussion of the merits of this controversy. My only opinion, I give myself the satisfaction of saying there has not been abuse of the power and that the power ought not to be lessened.

Recurring to the amount of stabilization that has been accomplished as a result of the institution and operation of the Federal Reserve System. Doubtless all of you have it in mind that business in this country as in fact in every other country doesn't go on a level; it goes by ups and downs. February is the poorest month of the year; business is always down in February. Then comes the activity in the spring induced by building operation and planting of the crops, increasing activities, along a plateau during the summer, and then up during the autumn, with the seasonable improvement in wholesale and retail trade. A line showing a typical business year will go down from January into February, up along a level in the spring, down toward the first of June and up in the autumn, and so on the rest of the year. Those lines may maintain a singular regularity of direction.

Before the System was instituted the line showing interest rates in this country followed almost exactly the lines showing the seasonal movement of business. Rates went down in February, up in the spring and farther up in the autumn. I do not need to expand the thought as to the unfavorableness of such a condition upon business. A typical line now showing the movement of interest rates runs almost on a horizontal. All of the ups and all of the downs have been taken out of a line which represents the movement of interest rates in this country.

Likewise a very interesting result has come about geographically as well as chronologically, with reference to the interest rate. It used to be that there was a very substantial difference between the so-called counter rate in Chicago and the so-called counter rate in New York, a difference all the way from one to three per cent. A line showing the Chicago rate would reveal very considerable space between the two. Those lines have been brought together so that they cross each other. They run along practically together. Money is substantially as cheap in Chicago, commercial money, I mean, as it is in New York.

Now, this achievement of stabilization in money supply as evidenced by money rates, I don't need to emphasize, is of tremendous importance. I think in view of what I have tried very sketchily to indicate as to the paramount importance to the stability and well-being of our business of the Federal Reserve System, we may look forward during the ensuing weeks with interest, if not with anxiety, to the outcome of the provision which is in the Senate Bill for the rechartering of the System. If we approach the expiration of the charters with question of increasing frequency as to whether those charters are going to be renewed at all, as to whether the System is to continue, the effect upon business and upon the well-being of the country, must vary tremendously. So I think it is worth while perhaps to have arrested your attention for these few minutes to these subjects, to the end if we do not get rechartering legislation at this session of Congress, you may be helpful as each of us in his own way can be helpful towards the development of a public sentiment which will insist to Congress that the rechartering of those banks shall not be delayed beyond the next session of Congress.

With renewed apology to the ladies for this stupidly dull talk, I thank you indeed for your attention. (Applause).

THURSDAY MORNING

May 20, 1926

The meeting was called to order at nine-forty, President Chandler presiding.

The first order of business was an address on "Respect and How Obtained" by Mr. L. L. Bishop, of Indianapolis.

Secretary Hartz read a telegram from Claud M. Ryder, of Dallas.

Mr. C H. Wilcoxen gave an address on "What is the Effect of Installment Buying on Our Business?" Mr. Farrington spoke of this matter for a few moments, pointing out the various things that are purchased on installments, and that often the expenditures exceed the man's income; pointing out further the inability to pay any loan.

It was voted, on motion by Mr. Hartz, duly seconded, that a vote of thanks be extended to Mr. Wilcoxen for the time he devoted to the subject.

Mr. Paul Hancock read his paper on "Personal Inventory."

Mr. John D. Williams, of Philadelphia, read a paper on "What Cycle Does the Business Barometer Show."

Mr. Swank read the report of the Auditing Committee. Mr. Swank asked for an explanation of a $25 item for attorney's fees. Secretary Hartz and Mr. Broughman explained the matter to the satisfaction of the members present, and upon motion by Mr. Swank, seconded by Mr. Young, it was voted to approve the report of the Auditing Committee and the report of the Treasurer.

The next order of business was the Election of Officers. The Nominating Committee brought forth a slate containing the names of the present officers to succeed themselves, as follows: President, W. G. Chandler; First Vice President, John McGregor; Second Vice President, F. L. Thompson; Treasurer, W. R. Hancock; Secretary, R. F. Hartz. Delegates to the National Convention, Mr. Swank and Mrs. Chenoweth. Alternate for Mr. Swank, Mr. Zirkle, of Newcastle; Alternate for Mr. Chenoweth, Mr. Lytle, of Marion.

It was voted on motion by Mr. Parker, of Logansport, seconded by Mr. Reynolds, that the report of the Nominating Committee be accepted and the names mentioned be elected to the various offices for the ensuing year. Unanimously carried.

Mr. Chandler resigned the office of President, which meant that Mr. Thompson automatically became President. He then resigned the office of Second Vice President, and upon motion by Mr. Arnett, duly seconded, Mr. Chandler was elected to the office of Second Vice President.

Chairman McGregor: I believe it would be in order that further nominations be heard. If that is in order, we are ready to hear other nominations.

Mr. Chandler declined the nomination and placed in nomination Mr. F. L. Thompson, of Shelbyville. Seconded by Mr. Aufderheide, Jr.

Mr. Parker pointed out that his motion had been seconded and would have to be acted upon before anything else could be taken up. Motion unanimously carried.

Then Mr. Chandler again nominated Mr. Thompson, but was called out of order.

Mr. Parker said if Mr. Chandler wished to resign he would make a motion that his resignation be accepted. Seconded by Dr. Mueller. Carried.

A. C. Mitchell, of Indianapolis, nominated Francis Thompson, of Indianapolis and Shelbyville, for President. Seconded by Dr. Mueller.

Mr. Parker asked to withdraw the motion to accept the resignation of Mr. Chandler. Dr. Mueller consented to withdraw.

The Chairman declared that the election of officers was in order, that the officers had been elected and one had tendered his resignation.

Mr. Mitchell renewed his motion to nominate Mr. Thompson.

The Chairman asked for further nominations.

Dr. Mueller moved that the nominations be closed. Seconded by Paul Hancock and carried.

Chairman McGregor: All in favor of Francis L. Thompson being elected President of the Association for the ensuing year, say "aye." (Unanimously carried).

Mr. Arnett pointed out that the election of Mr. Thompson to the Presidency left the office of Second Vice President vacant, and nominated Mr. Chandler as Second Vice President. Seconded.

Mr. Thompson said to clarify the situation he would resign the office of Second Vice President. Dr. Mueller moved to accept the resignation of Mr. Thompson. The motion was seconded and carried.

Mr. Arnett nominated Mr. Chandler as Second Vice President. The motion was seconded and carried.

President Chandler then called upon Mr. Elmer Johnson of the Industrial Loan Department for a few remarks. Mr. Johnson spoke in part as follows:

Mr. Elmer Johnson, Supervisor Industrial Loan Department: One of the big orders of the day now in which we are living is cooperation, and I want you to know in the beginning that I feel that all through the five years that I have been with you we have had that cooperation from you members of the Association. We see cooperation carried on in every avenue of life, and we find out that the old ideas of competition and plugging against each other have passed away and that the successful men nowadays in legal and medical professions and in the industrial world are men who try to get together instead of the men who try to stay apart .....

I think we are one of the foremost states in the Union organized along the industrial loan business. I do not believe from my conversation with men in different states that there is a state organization that outdoes the organization that we have here in Indiana, and yet we have one of the lamest states as far as supervision is concerned.

There are two reasons for supervision. One is that the business shall be patrolled, that the man who violates the law and the man who does not violate the law shall be put upon the same parity as they are now without regularly ordered and licensed supervision .....

My idea would be that your Legislative Committee, Mr. Bower and myself, go before the Governor, get a specific appropriation, ten or twelve thousand dollars, and let's put on, say, two examiners in the State of Indiana, and I think your business then will be more in keeping with other states .....

Our trouble is not so much with the loan business as it is with the few nefarious pawnbrokers. I have most of my difficulties with men who loan two or three dollars and charge more interest than they should .....

I think you are going to be confronted more and more in Indiana with the credit union situation. That was a measure that we fought in the Department, and believed that it was unnecessary; it didn't afford the proper protection to the borrower, and the man who loaned was favored on interest rates in one way, but on the other hand, he might be doing that at the expense of the borrower. I have made some investigation of credit unions, and I find that they are going to grow; there are applications at every charter board meeting; they are getting in all the cities, and I believe you are going to have competition there as long as these credit unions are able to carry on a deposit and loan business, until they begin to fail as they have failed in New York State, in Massachusetts, and in North Carolina. I don't think we have reached the place in Indiana yet where they have begun to fail .....

It seems to me like there ought to be some uniformity among the different states as to their regulation and control of the business. There ought to be some uniformity in their methods of examination ..... (Applause).

Dr. Mueller discussed the matter and said, ".... Unless you get together and make a reformation by contacting the man in the business, your neighbor, and showing him the way, that you believe to be the standard of ethics set up by this institution, you are going to find the hand of the law is going to reach out and curb the practices ..... Gentlemen, I am happy when I see this group assembled together in sober and serious deliberation for the purpose of bettering their business, taking out what was formerly a semi-philanthropic and excessive greed, and finding happy compromise in a new financial structural agency called industrial banking." (Applause).

The resolution to change the dues was then brought up for action. Secretary Hartz gave the reasons for bringing this matter up, and read opinions submitted by various members, including Mr. Blumberg, Mr. Thompson, Mr. Hancock, Mr. Wilcoxen; and also various letters from Mr. Kehr.

After considerable discussion by Mr. Bowman, Mr. Teel, Doctor Mueller and Mr. Aufderheide, Sr., it was voted on motion by Mr. Arnett, duly seconded, that the resolution be amended to strike out "with a minimum of $25."

Mr. Aufderheide, Sr., moved to amend the resolution by making it read a proportion of sixty-forty instead of fifty-fifty. After further discussion by Dr. Mueller, Mr. Young, Mr. Hancock, Mr. Stratton and Mr. Hartz, Mr. Aufderheide withdrew his motion to amend, and the resolution as amended by Mr. Arnett, to strike out the $25 minimum, was unanimously carried.

The meeting adjourned at twelve-thirty.

THURSDAY AFTERNOON

May 20, 1926

The meeting convened at two o'clock, President Chandler presiding.

The first order of business was the discussion of the question, "Shall We Go After the American Association Convention for 1927?"

Mr. Henry Davis, the Manager of the Convention Bureau of the Chamber of Commerce, said that the Bureau would give the State Association full cooperation and bear a large part of the burden of getting the Convention here in 1927.

It was unanimously voted, on motion by Mr. Arnett, seconded by Mr. Aufderheide, that an effort be made to bring the 1927 Convention of the American Association to Indianapolis.

It was unanimously voted, on motion by Dr. Mueller, seconded by Mr. Stratton, that a committee or five be appointed to cooperate with the Chamber of Commerce in bringing the 1927 convention to Indianapolis, this Committee to be appointed by the incoming President, Mr. Thompson.

A vote of thanks was given Mr. Davis.

Next was a general discussion of the topics set forth on the program. The first, "The Man You Do Business With," was very well handled by Mr. Thompson.

The subject of "Selfishness Between Competitors" proved to be quite an interesting one and was fully discussed by the following men: Mr. Young, of Philadelphia; Mr. Cliff, Mr. Chenoweth, Mr. Baum, of Ft. Wayne; Mr. Davies, Kokomo, and Mr. Wilcoxen.

"Experience With Automobile Loans" was discussed by Mr. Bishop, who said that automobiles are a primary necessity in the everyday affairs of life and should be used as security.

Secretary Hartz said he had been making automobile loans for the last five years and had had no loss from an automobile loan.

Mr. Burrell said he would rather make automobile loans than a loan on furniture.

Mr. Arnett thinks if you make automobile loans the way they should be made, it is a good business.

Mr. Reynolds has just started in that phase of the work but thinks it should be good.

The next subject, "Accepting Interest Only and Effect," was also an interesting one, and was discussed at length by the following: Mr. Davies, Kokomo; Mr. Arnett; Mr. W. R. Hancock; Mr. Hartz; Mr. Young; Mr. Cliff; Mr. Aufderheide, Jr.; Mr. Stratton; Mr. Chandler and Mr. Blumberg. The general opinion was that it was not a good practice and that it should not be done except in extreme or emergency cases, where the customer has a very good excuse.

"How Has the Past Year's Industrial Conditions Affected Our Business?" Mr. Blumberg said there is no doubt but what the loan business is affected by industrial conditions just as any other business.

"What Kind of Advertisement is Detrimental to Our Business?"

This subject was also very fully discussed, the following men participating: Mr. Cliff, Mr. Dudkison, of Philadelphia; Mr. Keeney, Mr. Blumberg, Mr. Dunn, Mr. Arnett, Dr. Mueller, Mr. Aufderheide, Mr. Farrington. Mr. Dunn thought the wording of ads is a personal matter. Mr. Durkison that advertising that doesn't deal squarely with facts is detrimental.

Secretary Hartz read from previous minutes a motion made by Mr. Stratton which was to the effect that "all members refrain from advertising that will cast a reflection upon other companies."

The next subject, "Speakers Bureau," was placed on the program at the request of Mr. Thompson, who said that during the past few months he had had occasion to speak before various luncheon clubs; that by letting it be known that the Association had speakers that would be available, the Association's message could be gotten across and contacts made that would be valuable. This matter was further discussed by Mr. Hartz, Mr. Aufderheide, Jr. and Sr., Mr. Young, Mr. Baum, of Ft. Wayne, and Mr. Chenoweth.

Mr. Hartz read a letter from Fred Anderson about convention boosting literature; also a letter from Mr. Kehr; and one from Mr. Leon Henderson. Mr. Aufderheide suggested that those matters be included in a bulletin to the members.

Salary buying was discussed by Dr. Mueller, Mr. Hartz and Mr. Johnson. Dr. Mueller moved that a rising vote of thanks be extended to Mr. Johnson, which motion was duly seconded and unanimously carried.

It was voted on motion by Mr. Aufderheide, duly seconded, that the semi-annual convention of the Indiana Industrial Lenders Association be held in Terre Haute the third Wednesday in November.

Mr. Thompson, the incoming President, was called upon for a few remarks. Mr. Broughman made a motion that a vote of thanks be extended to Mr. Chandler for his capable services as President. This motion was seconded by Dr. Mueller, and unanimously carried.

The meeting adjourned at five o'clock.

Paper Read at Indiana I. L. Ass'n. 11th Annual Convention by L. L. Bishop, Indianapolis, May 20, 1926

RESPECT AND HOW OBTAINED

The ramifications of the word respect, and the equally important equation and how to attain it, Gentlemen, are varied and obtainable in its own sphere.

In this particular phase of this all important subject, I shall dwell on the matter of ourselves and our business, in so far as the public and other business sees us.

An individual or a business attains and holds respect according to his or its action, deeds and the good done for fellow-men, and the community at large. This may be broadened and enlarged, or it may be limited according to one's activities. One holding respect of a small clientel or business associates is cutting the same niche as his neighbor who can boast of a much larger organization.

There is no set rule to follow to obtain respect—There is one thing that must always prevail—Viz.; One must be Right in his convictions. Big enough to say Yes or No at the proper time, even though it may hurt, but acting according to the dictates of *right prin-*

ciples. No vacillating wish-washy policy will endear you in the estimation of your fellow citizens. You should have the quiet dignity of a true gentleman, for while some seek and feed on publicity, others equally as respecful are disposed to shun it.

Respect and good will are synonymous. One of the heaviest expenditures made by the American People each year is for *good will.* An official of the *New York Times* recently said that Approximately 95% of each advertising appropriation should be expended to keep business already on the books, and the remainder to create new business. Good will is about as elusive as the weather. It is here today and there tomorrow. Our little Bobble in human conduct may mean the loss of good will that has been years in the building. One of the biggest liabilities that any concern may have is an official or employee who creates ill-will. The effects of ill-will are like lightning. They may never strike, but if they do, look out. It may take a generation to undo an adverse feeling created momentarily by some word or action of an unthoughtful employee, and while it may be localized to an individual, untold injury can come from its results.

Individual disrespect soon crystalizes and spreads in many ways. An attentive ear is usually more receptive to a knocker than a Booster, and it usually is our knockers who work on three eight hour shifts. Our boosters are not quite so solicitous of our welfare or well being.

Experience is the best teacher in promoting the principles of good will. Meet a fool and recognize him and you have no desire to mimic him. Meet a gentleman and recognize him, and you will try and absorb his good qualities. Life is about as uncertain as a game of craps where fair dice are used. Injure no man, and you probably will not have insulted your future landlord, no matter what his position may be today. Good Will is life's greatest asset, but you have to work and strive for it as well as pay for it.

In short, one must be a fine type of American Citizen, devoted to country and its welfare, and always striving to set forward the cause of righteousness. And after your earthy remains are laid to rest, your obituary should read. *That you were a man of integrity, with a high sense of honor, a patriotic and useful citizen.*

PERSONAL INVENTORY

Address Given by Paul A. Hancock, Model Loan Co. Indianapolis, at the 11th Annual Convention of the Indiana I. L. Ass'n., Claypool Hotel Thursday, May 20th, 1926

Our secretary asked me to give a talk on personal inventory to be divided into three divisions. The first of which is.

“Where in Life Do We Want to Go?”

If we were going to New York City, we would choose which route we would take and then make definite arrangements for our trip. We would make our reservations for Pullman and buy our tickets from the agent. So that all we would have to do is to get on the train. In other words we would definitely plan our trip ahead.

It is the same thing in planning what we expect to be in life. Success can be planned as definitely and with as much certainty as a trip can be planned. If we do not do this, then we have not accepted the first principle of success. It was King Solomon who said, “Without Vision, We perish.”

There is not a man in this audience today that has attained some degree of success that started where he is now. He started lower down the ladder, but he had vision and ambition together with integrity to go ahead. Therefore, the first question we must ask ourselves, *have we definitely hitched our wagon to a star* and are we willing to do whatever we should in the right way to get there.

It is very difficult to convince the great majority of people that the men who are in active pursuit of life have any other object in view than making money. This is a great mistake, for men of real success in life are not always the men who have made a great fortune. There are too many people content with mediocre attainments in life and are trying to *“dead head”* their way on the road and hope to arrive without paying the fare. We can make up our minds to do one of two things, either we can have an easy time in life, or we can have a success in life. But we must make up our minds at the start just which one of the two we are going to have. There is no royal road to success as there is no royal road to learning. It has to be hard knocks, morning, noon, and night with a fixity of purpose to obtain success.

Never in the history of the Industrial Loan Business has so much opportunity for success been offered as there is today. Years ago the office of five hundred accounts was considered a good office. Now the average is at least a thousand outstanding. Therefore, each office is doing a service twice as great as the one some time past. Our business today is still young and the man who has the vision now and works to that aim, will be the leader in a few years hence. Therefore one of my ideas of a successful life is one who has accomplished the objects for which he set out. To do something that is worthy of a Real American Citizen. Men of today must realize the vision of accomplishment and a sense of unselfish service are prime factors in the attainment of a successful life.

The second division is termed:

“What Will it Cost?”

In our trip to New York we are quite sure of our destination, for we have paid for it before we start, but in the trip of life we must pay as we go along. The employer who has in mind the fact that he was once in the same position as the people under him, will always have an organization that is willing to help him put things over in the right way.

As an employee, Loyalty above all is the fundamental principle of success. Be loyal at the start to the people with whom you are associated. Make our employer feel truthfully that we are sincere with him. That we are going to promote his interest, that we are going to stand for the things that he represents, that we are proud of being a member of his organization. There is nothing that will reap us a richer reward. Hard work and plenty of it makes us grow and enrich ourselves with things we would never get otherwise.

There are other things in life besides work, I believe an appreciation of finer and higher things in life, as the learning to know the beauties of literature, art and music will help any of us in our career. If we are to carry on a successful business, we must have imagination, we must see the things as in a vision, a dream of the whole thing. We can cultivate this faculty only by an appreciation of the finer things in life. Their finer beauties will contribute to our success.

Personality is the great asset to men. I believe Charles Schwab was right when he said, *“Business is people, not things.”* That 80% of all business is personal and 20% is impersonal and deals with things beyond personalities. In the Industrial loan business you are selling service. The factor of personality has 80% to do with the success in our business.

It is tremendously important that we realize the value of personality, we have to put our hearts and souls in our business to make it a real success.

Social activities play a very important part in life. Without the Rotary, Kiwanis and Lions luncheon Clubs and other organizations of this kind it would be extremely hard for us to meet men in other walks of life and learn of their business and tell them about ours. In most instances people that are friendly to us are friendly to our business. If, in our cities they are putting on campaigns for membership in the Chamber of Commerce, community funds which assist the unfortunate or other organizations of this kind, it would be very fitting for us to take part of our time and help in the work. by doing things for other people is where we enjoy life most. Civic activities are put over by people of our cities and we are part of them and must share our time and expense to help keep things going forward in the right way.

Along with our intellectual attainments we must keep our bodies in good condition. By getting exercise in a Gym. or by playing golf, hiking or any outdoor sport, we will keep our bodies such that we will be alert at all times.

Our personal conduct plays a real part in business. Our business is going to be just like the people that are in it. If we are living right and treating the other fellow just as we would want him to treat us, if conditions were reversed, then and only then will our business be on the high plane we want it to be.

The third and last division, but not the least.

“Are We Willing to Pay the Price?”

Our trip to New York is made pleasant because we are willing to pay the fare, more pleasant if we ride in a pullman, and if we could afford the price, most pleasant in a drawing room. But are we willing to pay the price to attain success in life?

As an employer, or owner of an office, are we willing to go out of our way to give our best thoughts to our managers, so they may benefit by our mistakes in life, thereby increasing their ability?

As managers are we willing to give pointers to our outside representatives so that they will get the benefit of our training and experience?

Are we as outside representatives willing to serve our organization to our utmost, no matter how much personal time it takes? Are we willing to take some of our time to locate skips, or collect a bad account without being asked to do so by the manager?

Are we as assistant managers or clerical help willing to share our part of the load in helping the business stay upon a high plane even if it takes some of our own personal time?

We must have a positive attitude toward our work to obtain success, we can never expect to reach our goal, if we are not willing to sacrifice our personal self for the good and service of others. I have at hand a code for employees which was taken from the "Book of Business Standards," written by Justice George Fredericks, of New York City. It is as follows: My only capital is myself. My only business is making myself produce. My only dividends are my salary or wages. My Goodwill is my standing with my employer. I can be successful if I apply good business principles to my work. I must first be sure that I have a useful service to sell my employer. If I am not sure, I must improve the service by study and pain. I must render a service that my employer has a right to expect of me. I must market myself to my customers with full confidence in my ability and no misrepresentation.

I must hold my employer by rendering uniform, dependable service. I must try no shortchanging methods, on my employers, by tardiness, idling, soldiering or disloyalty.

I must regard his property in my hands a trust and confidence which cannot be violated even in a small way without grave dishonor.

I must not permit my employer to do dishonorable things through me, nor stay with an employer whose methods are open to question.

I must let no employer offend my dignity as a human being, or trample on my agreed rights.

I must ask a rate of return for my labor which is equitable in line with market values and with the status of my credit.

I must bear in mind my relations to my fellow workers.

I must thoroughly appreciate that my employers and my own best interest are inseparable and parallel as long as I am in his employ.

I will close with a verse by Frank L. Stanton:

This world that we're a'livin' in, is mighty hard to beat.
You get a thorn with every rose,
But ain't the roses sweet?

I thank you.

Address by Mr. J. D. Williams at the 11th Annual Convention of I. I. L. A., May 20th, 1926 Indianapolis, Ind.

Your Secretary has asked me to talk to you on the subject, *"What Cycle Does the Business Barometer Show."*

I do not believe anyone can tell you what your individual business will do during 1926. If they do, it will be an accident. This reminds me of a loan man in Kokomo who was trying to collect on an accident policy. The insurance company protested the case on the ground that the particular incident in question was not an accident. The Insurance Company claimed it was an *"Act of God"* and the policy did not cover an *"Act of God."* It covered accidents only. The judge ruled that if it was an *"Act of God"* and it really happened in Kokomo, it surely was an accident.

I say again, if any one tells you what your particular business will do during the coming year, it will likewise be an accident.

I recently had the opportunity of seeing a chart or Business Barometer which had been compiled by business experts from all parts of the country. This chart has been kept up to date for over 25 years. By studying these records we find that every wave of prosperity has been followed by a like wave of depression. One always balances the other with a reasonable regularity of cycles.

The Barometer shows we have enjoyed very favorable business conditions during the latter part of 1924 and a wave of prosperity during the entire years of 1925. The chart shows a decline in business conditions in general during the past three months and many credit experts have issued orders to their buyers to buy only for their immediate needs and not to stock up or place future orders regardless of lowering prices, especially at this time as a further decline in prices and conditions in general was predicted.

Industrial conditions do effect the business of Industrial lending and should be watched and studied by Industrial Lenders. However, the need for borrowing money on the part of the public and the opportunity to serve on the part of the lenders is ever present under all conditions. "Dull business periods merely call for increased effort. Increased numbers of applications for loans in periods of depression require closer credit scrutiny.

I do not believe there is living, a man who can tell in advance what your individual business will do or what progress will be made during the year 1926 or any other year. This is practically up to *you*. Personally, our Company broke its former records during 1925. In fact it loaned over $1,600,000.00 more during 1925 than it did during 1924.

This year our Company is putting forth still greater effort. The advertising and publicity program alone calls for the expenditure of over a quarter of a million dollars. There is every reason to believe we will again break all established records during the present year.

The amount of business your Company will do during 1926 cannot be definitely decided by a Business Barometer. *You* are the Barometer. Your results will represent your investment of time, labor, money, skill and degree of intelligence. Seldom More.

Know your business. Learn all you can about it. How well you know your business and the amount of effort you put behind this knowledge is going to be the factor which will determine the volume of business you will do during 1926, or any other year.

Some men succeed better than others, because they attempt, then work to attain more.

We should not wait for the Business Barometer to indicate favorable conditions. The wise man who proves the successful type of business man will act and *make* the most of every circumstance. *Let's act.*

COMMUNICATIONS

Dear Mr. Kehr:

If you have some extra space in the Lenders News at any time, I would appreciate your publishing the following anecdote which actually took place in the immediate vicinity of our Atlantic City Office while sojourning down there last week.

An Italian gentleman possessed with the traditional business proclivities opened a stand to sell hot weinerwursts in the entrance to the Community Finance Service Office in Atlantic City, N. J.

This gentleman obtained the remarkable concession for selling the familiar and popular "hot dog" almost at the very portals of the Community Office.

A friend inquired, "You are doing well here?"

He said, "Well, I am. Yesterday I sold frankfurters $280 worth. Today we sell $300. Saturday I pulled down over $500. That is something enormous, this business."

His friend said, "You do well, eh. Maybe you loan it to me $100 to buy merchandise?"

He said, "No."

"You are making big profits here and you won't lend me $100—lend me for two weeks only 100 measly dollars?"

The frankfurter man replied: "Listen, we got arrangement here. I don't lend no money and the Community Finance Service don't sell no wienerwursts."

Wishing you the best of health, I remain

Cordially yours,

Richard McHugh, *Mgr.*
Community Finance Service, West Philadelphia Office.

Dear Sir:

Attached is one dollar for which please enter my subscription to the Industrial Lenders News for one year, to be sent to the above address.

I formerly had this periodical coming to me in Montgomery, Ala., but since coming to St. Louis, I had misplaced your address and just recently obtained a copy. I knew that there was something missing and now I know it was the News.

Very truly yours,
E. I. Elder.

Dear Mr. Kehr:

I am in receipt of your kind letter in regard to distribution of the Loan Shark booklet and I want to thank you many times for the good suggestions which I will follow out.

Inclosed herewith find news clippings regarding to the Johnstown Industrial Lenders Association. Mr. C. G. Liggett of the Beneficial Operating Bureau of Dayton, Ohio, put this proposition across for us boys here and I know we will reap a wonderful good from it. The Tribune did not publish all that I made up and I will appreciate it very much if you will publish this news in the Lenders News and add to it. Luncheon at the Green Kettle Mr. C. G. Liggett gave a very lengthy talk on the proposition and we immediately organized and elected the officers. Personally I feel proud to have this kind of an association in our city and it will be helpful both to the lender and the borrower and I will say further the lender who does not approve of an association of this kind don't know how much good he is missing. I trust this letter will find you well and happy and I wish to thank you Mr. Kehr for the kind attention I know you will give this letter.

Sincerely yours,
W. W. Gantz.

SALARY BUYERS SCORED BY BELL

Atlanta loan sharks and salary buyers are "just so many human scavengers and financial buzzards."

This was the opinion of Milton Bell, cashier of the Federal Reserve Bank of Atlanta, who addressed the Junior Chamber of Commerce luncheon meeting Thursday and pledged himself to assist in "wiping the last one of them from the face of the earth, with a final consignment to regions of eternal fire."

"These money lenders are literally rolling in ill-gotten wealth," he said, "mercilessly taken from defenseless hands of the small-salaried man, who, facing some need or necessity of the immediate present, fails to realize the dreadful unfairness of the trap into which he walks."

Mr. Bell explained that there are a number of small loan agencies in Atlanta operating legally and lawfully. These, he said, are not included in his indictment.

Drive on "Blackmailer"

"It is the blackmailer—the man who is getting from 20 to 30 per cent interest a week on the dollar—that we are after," he declared.

Mr. Bell pointed out that through the efforts of J. L. R. Boyd, general counsel for the Atlanta Legal Aid society, and members of that organization, 10 indictments had been obtained against alleged Atlanta "sharks," along with 120 injunctions designed to halt attempts at blackmail.

"They are whimpering now—trying to beg off," he said. "They are afraid their wives and children and friends are going to find out where all their money comes from—how they paid for the big house and the limousine."

Threat to Efficiency

"In Atlanta, on each pay day, agents of 160 loan companies stand at the gate of practically every industry in the city," Mr. Boyd declared, "and with cards in hand, solicit liens on wage and salary. In evasion of the law they take blank assignments with alluring promises of indefinite renewals. They extend credit regardless of the borrowers' ability to pay. And then operating in confederation, they 'gang up' and, through threats, time orders and garnishments—a form of blackmail, if the employer is unsympathetic—they take what amounts to the small balance left from the family budget. This is known over the United States as the 'Atlanta plan of loan sharkery.' This notoriety comes by virtue of the fact that a chain of salary assignment banks operated throughout the United States are financed by four citizens of Atlanta, who are known as the 'Big Four,' and whose auditors check over a total business investment amounting to hundreds of thousands of dollars a year.

"There is but one solution—cooperation between employer and employee, between capital and labor, to secure remedial legislation. Salary and wage buying must be outlawed by the 1927 session of the Georgia general assembly. In the meantime, employers who have an interest in efficiency of their employees should study their legal rights.

"Employers who discharge employees arbitrarily under such conditions become silent partners to the loan shark, making it possible for him to practice his art of blackmail."—*Atlanta Constitution, May 14, 1926.*

ATLANTA LEADERS MAP FIGHT ON 'LOAN SHARKS'

Jr. Chamber Planning to Attack Problem by Publicity

Definite plans for a campaign to end the activities of salary-buying "loan sharks" in Atlanta were laid Wednesday afternoon by a special committee of the Junior Chamber of Commerce.

After a conference in which W. D. Hoffman, president of the Atlanta Chamber of Commerce, and Milton Bell, cashier of the Federal Reserve Bank and chairman of the thrift committee of the Atlanta Chamber of Commerce, participated, it was decided by the campaign committee to attack the problem from every angle of publicity, with experiences of alleged victims as the subject; general instruction for employes and employers in the laws governing the subjects of small loans, usury and "salary buying" and the rights and obligations of everybody concerned; legal action through prosecutions for usury and injunctions, and general activities looking to the ultimate goal of a state law to curb the practice of salary buyers.

Others attending the conference were E. Smythe Gambrell and Major J. L. R. Boyd, president and secretary of the Atlanta Legal Aid Society, which has been active in organizing the campaign against "money sharks," and which, through its office at Room 922 of the Fulton court house, has instituted a widespread investigation into the experiences of alleged victims, with the result of a series of indictments, and Fitzhugh Knox and J. F. Gordy, president and secretary of the Junior Chamber of Commerce.

Major Boyd related some of the results of his investigations, saying that 160 money lenders operate in Atlanta as "salary buyers," obtaining interest of 10 to 40 per cent a month on small sums, for which the borrower pledges or assigns his salary, this loan being continually renewed upon payment of the interest instead of being paid.

"We have a record of one negro, who, in three years, paid $144 interest on an original loan of $10, still owing the original sum at the end of that time, and who lost his position when the loan shark went to his employer," said Major Boyd. "Such instances are not uncommon.

"The salary-buying loan shark is essentially a blackmailer, forcing the payment of usurious interest through the workman's fear that the transaction may become known to his employer. There is no greater security than a man's salary or his job."

Through activities of the Legal Aid Society, indictments charging usury have been returned against 11 money lenders and more than 150 injunctions against garnishment proceedings or other forcible action for collection of loans made on salaries at high interest.

The campaign against the "salary-buyers" was said to have the indorsement of Atlanta banks and members of the Georgia Industrial Loan Association, the latter an organization of brokers operating under the state law governing loans of less than $300, under supervision of the State Banking Department.—*The Atlanta Georgian, May 20, 1926.*

RAILWAYS SAVE VICTIMS OF LOAN SHARK SCHEME

Refuse to Pay Lenders on Salary Sales

Here is good news to the thousands of victims of the salary purchasing companies: the railroads of the middle west have decided not to honor wage assignments to this class of loan sharks in the future.

Railroad employes who have been in the clutches of these sharks are hereby relieved of two fears, stoppage of pay and loss of jobs. As several lawyers viewed it yesterday, the decision of the railroads also gives aid and comfort to employes of other firms who have been paying, paying, paying, and still owe the original debt.

Borrower Freed of Debt

It is the advice of the state's attorney that the borrower is no longer obligated when he has paid in interest the amount of the loan. Assistant State's Attorneys Robert McMillan and Joseph Nicolai, after studying the subject, hold that the salary purchasing companies are operating illegally as money lenders, are charging usurious rates, and that all firms would be justified in following the example of the railroads.

It was explained that under the Illinois law small loan brokers may charge 3½ per cent a month. The companies formed to evade this provision of the law operated in this way:

A man wished to borrow $25. They wouldn't lend it to him but he would get it on the theory they were buying from him an assignment of $27.50 of his pay, due in two weeks. If unpaid notice would be served on the employer to withhold that amount from the employe's wages. If paid, and the borrower desired, he could have back $25 of the $27.50 on the same basis—$27.50 payable in two weeks.

Loaned $30; Repaid $1,080

Supt. Joel D. Hunter of the United Charities, after receiving complaints, assigned Miss Irene V. McCormick, an attorney, to aid the distressed borrowers. One case was found where a man borrowed $30, he had paid back $1,080 in interest, and still owed the $30.

Miss McCormick consulted with Attorney Charles R. Napier, counsel for the Illinois Association of Licensed Lenders, a reputable organization, which was found to be sympathetic with the move to drive the disreputable element from the business.

Prosecutors McMillan and Nicolai were in favor of prosecutions for the usurers, but it was decided to have all the employers ignore the so-called wage assignments. (Note: This does not apply to the licensed money lenders who charge the legal rate of 3½ per cent a month.)

Attorney Harold F. White of the United Charities conferred with Attorney Bruce Johnstone of the Bar association, who recommended this course of action to the railroad lawyers. Attorney N. Y. Fowler of the C. & N. W. railroad advised the Western Conference of Railway Counsel, of which W. F. Dickerson of the Rock Island lines is chairman, that the roads would be acting legally and properly in refusing to pay the assignments.—*Chicago Tribune, May 20, 1926.*

6 CHINESE DEFAULT NOTES TO SOCIETY

Judgments Totaling $2200 Sought on Loans by Benefit Group—Cases Called Unusual

The proverbial honesty of the Chinese in financial matters lends interest and some mystery to the filing yesterday in the Prothonotary's office of eight judgment notes against a group of Chinese. presumably laundrymen and restaurant proprietors.

Within a short time the Sheriff will be at the doors of the Chinese judgment debtors. What complications will follow remains to be seen.

The judgment notes, each originally in the sum of $490, are written in Chinese on one side and in English on the other. They were given to the Chinese Benefit Society, of 937 Race street, lender of the funds.

After making a number of payments at the rate of $10 a week, as the notes called for, the debtors are alleged to have defaulted. So read the affidavits, filed in the Common Pleas Court by one Henry Chu, who calls himself agent of the Chinese Benefit Society.

Writs immediately were issued at the request of Richard Hay Woolsey, attorney for the society, directing the Sheriff to levy on the goods of the defendants.

On the judgment index books of the Prothonotary's office appears the following names of the Chinese debtors. Lee Yet Ting, 611 South 18th street; Mok Chin, 1407 South 52d street; Lee Sing, 611 South 18th street; Lum Hal and Hoy John, 5933 Haverford avenue, and Louie Nong, 2854 D street. They are alleged to owe balances amounting to approximately $2200.

Those familiar with Chinese dealings say that at each New Year the Chinese square their accounts with each other They seldom figure in litigation, preferring to adjust their disputes among themselves.

The system of judgment-note financing is uncommon among the Chinese. Clerks in the Prothonotary's office could not recall when such character of obligation was recorded against a Chinese heretofore.—*Phila. Public Ledger, May 16, 1926.*

PHILADELPHIANS AT MEETING

William Young, Vice President of the Community Finance Service Corporation, and C. J. Dirksen, supervisor of the same organization, both of Philadelphia, addressed a meeting of the local industrial lenders' association held here yesterday.—*Johnstown Tribune, May 29, 1926.*

INSTALLMENT SELLING

(Resume of address before convention of California Bankers Association, at Del Monte, California, Friday, May 28, 1926.)

By John E. Barber

Vice-President, The First National Bank of Los Angeles

That the present volume of installment paper actually outstanding is not alarming under the prosperous conditions recently prevailing and does not appear to constitute a menace to the national business or credit structure is the conclusion reached by John E. Barber, Vice-President, The First National Bank of Los Angeles, in a report upon installment selling submitted by the Economic Council of the California Bankers Association at its Convention today at Del Monte.

"Estimates of the total amount of installment credit outstanding," said Mr. Barber, "range from 3 to 8 billion dollars. However, some of these estimates have represented the full retail sales value of goods sold on the installment plan and have thus failed to take into account a considerable down payment. Other estimates represent the amount of installment paper created throughout a year but fail to credit the steady monthly liquidation. All contracts are not in effect at once nor continuously for the original amount. Giving effect to the down payments and to the monthly liquidation, it is probable that the amount currently owed on installment contracts does not average over 60% of the average estimate, of which approximately one-half represents automobiles.

"Although large in the aggregate, this sum is spread over all sections of the country and a great number of individual buyers, and when related to our national income of seventy billion dollars, our steadily increasing savings accounts and outstanding insurance, the high purchasing power of present wage scales and other pertinent factors, this total does not appear unduly burdensome or likely to strain the country's ability to pay.

"According to a survey made by Eberle & Riggelman, consulting economists of Los Angeles, based on an analysis of hundreds of installment contracts, the total income of families residing in Southern California is mortgaged for from 7 to 10% on installment contracts, an amount much less than frequently assumed. This includes installment purchases of automobiles, pianos, furniture, washing machines, radios, sewing machines, phonographs and vacuum cleaners. The average Los Angeles purchaser of an automobile on the installment plan was found to be 35 years old and to enjoy a monthly income of $318. The average amount of the installment contract was $1400; the average percentage of down payment 27%; the average period of payment 16 months; and the average monthly installment $56."

In the opinion of Mr. Barber it is unlikely that installment selling will continue to grow at the recent rate and may already have reached the saturation point. Inventories, instead of remaining with the manufacturer and distributor, have been passed on to the consumer, which limits the effectiveness of this particular stimulus to future production and sales. Installment selling may continue stimulating but it can hardly be sustaining, at least at recent levels.

Mr. Barber decried the abuses inherent in installment selling but declared that the widespread discussion of them in recent months had been enlightening and had had a salutary effect in putting bankers on their guard and making finance companies more conservative. As a result many undesirable practices which had crept into installment selling are in process of being corrected.

"Properly conducted and safeguarded," concluded Mr. Barber, "there is a legitimate place in our national business and national finance for installment selling. However, for this country to enjoy its benefits, installment selling must be kept sound and its extension kept within the bounds of good credit judgment. The responsibility for maintaining a wholesome situation rests with the commercial and investment bankers who supply 75 to 80% of the funds on which the installment plan is conducted. The price of a satisfactory ultimate experience is alert and constant vigilance and discrimination on the part of bankers, finance companies, manufacturers and retailers, as well as the cooperation of buyers themselves."

A. I. L. A. REPRESENTED AT THE NATIONAL CHAMBER OF COMMERCE MEETING

To be appointed and to have served The American Industrial Lenders Association as National Councillor to the Fourteenth Annual Meeting of the United States Chamber of Commerce, was a real privilege and an honor.

The Trades Section of National Councillors was called to order promptly at ten A. M. Monday, May 10th, and the business of business men from every corner of America, moved along with precision under that able and wise Councillor Mr. Gude, of Chicago. The first business to come before the meeting was the nominating of Committee Chairmen and right here we learned that Industrial Lenders, members of our own Association have not taken and do not take the interest in better business movements, that better business movements yearn for. It is true that the business of Industrial Lending has made rapid strides during the past few years, or at least we think it has, but it will probably surprise you to know that in talking with many Councillors from every section of our Country, every one representing big interests of his community not a single one had heard of the American Industrial Lenders Association, or knew that a rate of three and one-half per cent per month on borrowed money was legal in so many states of our Union.

It was here that your Councillor and Delegates learned that our Association had not taken advantage of an open door to council with and mingle with other business, because apparently with any concerted effort on our part we could today have a member of our group as a Committee Chairman of the United States Chamber of Commerce.

What is the answer? We toil week in and week out for the interest of our own business and fail to give of our time and experience to the other fellow's problems. The other fellow is eager to learn, the way is open; shall we enter?

After a delightful luncheon held at the Williard Hotel as guests of President O'Leary, the afternoon session opened with Governor Clifford Walker of Georgia addressing the Chamber on fire prevention and it was his honor to present C. W. Brosnan of Albany, Georgia a Plaque in recognition of his city winning first place in the fire reduction contest sponsored by the Chamber.

The meeting was privileged to listen to Maryland's own Governor Ritchie, Wednesday morning, May 12th, and some of the high spots of his address are as follows:

"Neither society nor business should look too much to legislation to solve economic or social problems," he said. "Business should regulate itself as to relieve the Government of the need of doing so, organized business is often more effective to prevent abuses and punish wrongdoing in its own ranks than is the Government armed with the letter of the Law. The question is altogether one of the ideals business sets for itself the goal at which it aims. It is not one of power the power is there."

After the Governor's address the meeting adjourned, and if you will watch the Pathe News Features in Movie Theatres you will be able to distinguish National Councillor Mattingly, Delegates Pope of Richmond, and Hood of Baltimore.

HOWARD T. MATTINGLY,
National Councillor.

RHODE ISLAND

The Sixth Annual Meeting of The Rhode Island Industrial Lenders Association was held April 15th, 1926, at the Biltmore Hotel, Providence R. I. at 7:30 P. M.

Chairman Rich presided.

Upon motion of Mr. Delaney, seconded by Mr. Dwight, the minutes of the last meeting were approved as distributed.

The following members were present: Beneficial Loan Society, Providence, R. I., F. J. Conley; Mutual Finance System, Providence, R. I., Wm. C. Kendrick; New England Equity Corp., Providence, R. I., W. A. Kefauver; Household Finance Corp., Providence, R. I., J. G. Findlay; Household Finance Corp., Pawtucket, R. I., F. N. Kennon; Personal Finance Company, Providence, R. I., E. La Gueux, J. R. Deignan; American Loan Company, Pawtucket, R. I., E. Hollingworth; American Loan Company, Woonsocket, R. I., Henry A. Lanctot, Frank Deery; Citizens Finance Service, Providence, R. I., G. W. Delaney, W. H. Smith; James S. Dwight, Providence, R. I.; American Loan Company, Providence, R. I., J. C. Cote, W. H. Deignan, C. A. Hunter; Mutual Loan Association, Pawtucket, R. I., G. E. Rich; National Loan Company, Pawtucket, R. I., F. A. Pomfret.

With us also was Mr. A. G. Zimmerman of Beneficial Operating Bureau, New York City.

REPORT OF OFFICERS

Treasurer Kennon—Reported

Receipts for the Year	$608.16
Expenditures	337.65
Balance on Hand	270.51

Motion of Mr. Delaney seconded by Mr. Hollingworth to accept Treasurer's Report was voted upon and passed.

Secretary La Gueux—Reported Nineteen members in Association and all in good standing. A gain of four new members during the year and no losses.

Mr. Conley made motion to accept Secretary's Report and upon being seconded by Mr. Delaney, was passed.

SPECIAL COMMITTEES

Banquet Committee—Motion by Mr. Dwight, seconded by Mr. Kefauver to take up matter of our Annual Banquet at first meeting in September. Passed.

Membership Committee—Motion made by Mr. Zimmerman, seconded by Mr. Hollingworth, to instruct Chairman of our Membership Committee to solicit a list of firms who are licensed under 'Small Loan Act' with a view of having them join our Association. Carried. Members present assured Chairman they would back his efforts by personal contact with prospects if necessary.

NOMINATION AND ELECTION OF OFFICERS

Motion of Mr. Rich seconded by Mr. Findlay, and passed by a unanimous vote, the following members were chosen to act as an Executive Committee for coming year:

Messrs. E. La Gueux, G. E. Rich, G. W. Delaney, F. N. Kennon, G. F. Lewis, W. A. Kefauver, S. S. Moran, H. G. Neal, F. A. Pomfret.

The Executive Committee then by a unanimous vote, selected the following members as Officers of this Association for the year 1926-1927:

Chairman, G. E. Rich; Vice Chairman, G. W. Delaney; Secretary, E. La Gueux; Treasurer, F. N. Kennon.

E. LA GUEUX,
Secretary.

MARYLAND

The Annual Meeting of the Maryland Industrial Lenders Association was called to order promptly at two o'clock, in the South Hall of the Emerson Hotel, Tuesday, May 11th, 1926.

Present—Atlas Loan Society, Beneficial Loan Society, City Finance Company, Community Finance Service of Baltimore, Community Finance Service of Hagerstown, Household Finance Corporation Two Offices, Maryland Bond and Mortgage Company, The Master Loan Service Three Offices, Newark Cash Credit, Union Loan Company, Commercial Service and Credit Company, American Loan Company, Personal Loan Society, Bonded Finance Company, and many Supervisors, Superintendents and etc.

We were also fortunate and pleased in having present at the meeting Mr. Leon Henderson representing, Remedial Loan Division of the Russell Sage Foundation, E. F. Moore of the Beneficial Loan Society Staff, Doctor Charles G. Mueller, of Philadelphia, President of Community Finance Service, V. D. Moss, of Philadelphia, and Samuel J. Masters, of Miami, Florida.

Upon motion duly seconded the Chesapeake Finance Company, of Baltimore, Md., was ordered stricken from the Membership of the Association.

Upon motion duly seconded it was agreed that the Fidelity Finance Corporation be permitted to pay one year dues to the Association and retain its Membership therein, although two years have elapsed since any dues had been paid by the Company.

Upon Motion duly seconded the Chair was instructed to appoint a special Committee, and after listening to a splendid educative talk on the duties of State Associations and Committees appointed in the interest of State Associations by Dr. Mueller, of Philadelphia, the Chair appointed Messrs. H. C. Moore, E. F. Moore, H. T. Mattingly, who with William Young, of Philadelphia, will serve the Association as a special committee.

Upon motion by Mr. Rosenfield of the Membership Committee duly seconded, the Public Loan Company, Equitable Building, and the Columbia Finance Company, Patterson Building, Baltimore, Md., was admitted to Membership.

Chairman Hood appointed the nominating committee as follows: V. D. Moss, C. A. Gardner, E. F. Moore, L. H. Pumphrey, and J. D. Goldrick, who at this time retired from the meeting and nominated the following to serve as the Executive Committee for the ensuing year, C. A. Gardner, C. H. Hood, R. T. Baseman, J. Rosenfield, H. T. Mattingly, E. F. Moore, and J. T. Turner, who were nominated and unanimously elected.

The Executive Committee retired from the meeting and elected the following to serve as Officers until the next annual meeting to be held in May, 1927:

President, C. Howard Hood; Vice President, J. T. Turner; Secretary, J. Rosenfield; Treasurer, R. T. Baseman; Executive Committee: C. A. Gardner, Chairman; H. T. Mattingly, E. F. Moore.

Publicity Committee, Chairman Holden reported as follows:

ANNUAL REPORT OF THE PUBLICITY COMMITTEE FOR 1926

To the Officers and Members:

Publicity has been obtained in nearly every city and town in Maryland during the past four months. This was brought about by organizing a Committee composed of lenders from every city and community throughout the state, where there is membership in the Association. Our policy was to prepare and advance news articles covering each meeting of the Association, giving the date, place of meeting, program and the object of the Association and its policies, and forward to each member of the Committee, who would immediately get the copy in the hands of the editor of the newspapers of their locality.

The personal contact of these members with their local newspaper, has brought about a more friendly association with the press and produced splendid results.

The first meeting since I was elected Chairman of Publicity was held in Baltimore on January 13, 1926. We obtained about 700 lines of publicity. Here, I want to commend Messrs. Tyler, McCullum and Turner of my Committee for their efficiency in handling the publicity covering this meeting, in their respective cities. Every newspaper in Cumberland, Hagerstown and Baltimore published items pertaining to this meeting.

The second meeting of the Association was held in Baltimore February 9th. A news article was forwarded to all members and about 400 lines of publicity was obtained.

The third meeting of the Association was held in Baltimore on March 13. A news article was forwarded to all members and about 200 lines of publicity was obtained.

A fourth meeting was held in Baltimore on April 11, 1926, and due to the fact that I was not acquainted with the correct date on which the meeting was to be held there was no publicity obtained.

An invitation has been extended to Mr. Joseph B. Blondell, Treasurer of the Baltimore Sun, and to Mr. Henry Moehlman, Advertising Manager of the Baltimore Sun to attend our Banquet as guests. It is my recommendation that a special table be provided for these distinguished guests, because we are hopeful of getting some good press reports. Both of these gentlemen have accepted the invitation and I believe that they will be with us on the evening of Tuesday, May 11.

A summary of the publicity obtained to date of which we have received clippings shows about 1300 agate lines covering 3 cities. Clippings have been compiled and are here submitted for your inspection and in substantiation of this summary.

In January we obtained 700 lines in 6 newspapers; In February we obtained 400 lines in 4 newspapers; In March we obtained 200 lines in 4 newspapers; in April none.

In May we expect about 1000 lines in 7 newspapers and in addition we will have the speeches of the prominent speakers broadcasted by radio.

In dealing with the press, your Committee has endeavored to submit facts and give truthful information about the growth and development of the small loan business, covering the progress of uplift that is being made through the organized cooperative efforts of the Association.

Your Committee congratulates the Association on its effort to gather statistics showing the volume of the small loan business done in Maryland annually. These figures have been helpful in obtaining publicity. Your committee recommends that some effort be made by the Association to obtain the total number of borrowers in the state, who are householders and what percentage have no banking connection. Information of this character is of real news value and will do much to make the public recognize the value of the industrial lender and the service he renders.

Your Chairman realizes it has not always been easy for the members to get the support of the press in their locality and recognizes it was only through personal contact on the part of the members, that results have been obtained. I desire to extend my sincere thanks and appreciation to each member of the committee for their loyal support and cooperation throughout my term.

Respectfully submitted by
(Signed) G. W. HOLDEN,
Chairman of the Publicity Committee.

Law Committee Chairman Gardner reported progress and explained in detail several items of importance to Lenders which had been handled through his Committee.

The Secretary reported seven meetings of the Association having been held during the year, with ten new members having been admitted making a total Membership at present of Thirty Licensed Lenders.

Treasurer—J. D. Goldrick reported cash on hand at the beginning of the fiscal year $153.00, received as dues during year $839.97, disbursements for the year $762.29, leaving cash in bank $230.68.

Chairman Hood sketched briefly the activities of the Association during his term of Office and no one having cause for complaint, the meeting adjourned.

Respectfully submitted,
H. T. MATTINGLY, *Secretary.*

The eleventh annual Banquet of the Maryland Industrial Lenders Association was held in the Banquet Hall of the Emerson Hotel on Tuesday, May 11th, 1926.

The Honorable Howard Bryant, President of the Baltimore City Council acted as toastmaster.

The first speaker of the evening was Mr. Herbert O'Conor our young States' Attorney. In introducing Mr. O'Conor, Mr. Bryant paid tribute to the effectiveness of the State Attorney's Office under Mr. O'Conor's regime. He also informed us that we had a friend in the State Attorney's Office. Mr. O'Conor's remarks were brief, but to the point. He laid great stress on the fact that during his tenure of office, that no infringement of the law by the various loan offices had come to his notice. He closed his remarks with a wish that our good work should continue successfully.

Mr. Bryant read a letter from His Excellency, Albert C. Ritchie, Governor of Maryland, who was on the program as the first speaker of the evening. Our governor voiced his regrets in not being able to be present and wished us every success for the future.

The next speaker was the Honorable Howard W. Jackson, Mayor of the City of Baltimore. Mr. Jackson among other things informed us that he had a broken left leg and also a broken right arm and was, therefore, to be excused from the dancing that was to follow.

Mr. Bryant introduced as the next speaker, Mr. Leon Henderson, Director of the Remedial Loan Department of the Russell Sage Foundation. Mr. Henderson gave us a synopsis of an exhaustive study made by him of the credit situation as applied to the loan business throughout the country. Among other things, he stated that in some instances it was cheaper for the public to borrow money from the lender and purchase their various commodities on a cash basis, thereby saving from 30 to 50% which his investigation showed was the overcharge on some merchandise purchased on the installment plan. He predicted a tremendous future business for the money lenders. It cannot be refuted that Mr. Henderson speaks authoritatively on this subject.

William H. Lawrence, Esq., a prominent Attorney of this city was the next speaker. It did our hearts good to hear Mr. Lawrence extol the virtues of the money lenders, pointing out the advantages the public received by borrowing from the offices which are under the supervision of the State Bank Commissioner's office and abiding by the tenets of the 3½ act.

Mr. Bryant then introduced the Honorable Eugene O'Dunne, Judge of the Criminal court of this City of Baltimore. The Judge in his remarks gave us an insight in the work of his Court and complimented us on the character of our business.

Our old friend, V. W. B. Hedgepeth, Esq., the last speaker of the evening, spoke very interestingly on the loan business and concluded his remarks by saying that an epitaph to be placed on his tombstone at his demise, should read to the effect, "that he had been in the loan business and was proud of it."

It is appropriate at this time to highly commend the efforts of Mr. Pumphrey, Chairman of the Entertainment Committee, who so successfully took charge of the arrangements for the Banquet.

The evening was concluded by dancing and a good time was had by all.

J. F. ROSENFIELD, *Secretary.*

LOCAL ORGANIZATION OF LOAN MEN FORMED

Organization of the Johnstown Industrial Lenders' Association was perfected at a meeting held yesterday, with the election of the following officers: President, M. C. Wallace, of the Community Finance Service; Vice President, John McClain, of the Beneficial Loan Society, and Secretary, W. W. Gantz, of the American Loan Company.

The organization meeting was called by C. G. Liggett, of the Beneficial Operating Bureau, of Dayton, O., who explained the advantages of organizing an exchange bureau locally. After Mr. Liggett's talk, it was unanimously agreed to form a local organization.—*Johnstown Tribune, May 15, 1926.*

ILLINOIS

The Illinois Industrial Lenders Association's quarterly meeting was held at the Palmer House, in Chicago, on April 30th from 4 to 6 P. M. in the foyer of the Grand Ball Room.

The meeting was called to order by Chairman Albert P. Snite and reports were made by our Officers, which were of interest to all members, and the Secretary reported a Membership of seventy-three.

Applications for new memberships were considered from Metro Loan Company, 120 South State St., Chicago; Household Finance Corporation, 9 South Kedzie Ave., Chicago; Illinois Cash Credit Corporation, Chicago and State Loan Company, 1636 Halsted Street, Chicago Heights, Illinois, and all were accepted and welcomed into our Association, which now has a membership of seventy-seven Companies, who are actively engaged in the small loan business and serving the public with loans at the legal rate.

Chicago members recently donated $510.00 to the Chicago Crime Commission and an interesting talk was given by Mr. Charles R. Napier on the activities of the commission and its value in reducing crime. Chairman Snite requested all members to keep State Licenses issued by the Department of Trade and Commerce each year and mentioned a case in point, where an ambitious Attorney recently called upon his Company to produce proof that it was licensed during the year in which a loan was made and securing the correct forms.

Nine offices of Salary Buyers now operate in Chicago, which are reported to be owned by two groups of men and references were made to Articles which appeared recently in the Chicago Tribune regarding their activities.

Dinner was served at 6:30 P. M. in the Grand Ball Room. Two hundred were present and the dinner was followed by a humorous talk by Opie Read, who is known everywhere for his wonderful novels and short stories.

'Ford's Collegians' furnished music for dancing from 9 to 12 and we are sure everyone present had a friendly and enjoyable time at our Dinner-Dance, which will go down in history as one of our very successful Social events.

J. H. Sanderson, *Secretary.*

NEW MEMBERS

Add the following to your 1925 Year Book Directory:

Personal Finance Co., 37 N. Jefferson Ave., Battle Creek, Mich.

Shawnee Finance Co., 120 W. High St., Lima, Ohio.

The City Finance Co., 200 Erie Bldg., Cleveland, O.

The City Finance Co., 200 Connor Bldg., Columbus, O.

The City Finance Co., 426 Majestic Bldg., Detroit, Mich.

The City Finance Co., 207 Produce Exchange Bldg., Toledo, O.

Personal Finance Co., 130 W. South St., Kalamazoo, Mich.

Family Finance Co., 401 Railroad St., Rochester, Pa.

Coast Finance Co., 1015 White Bldg., Seattle, Wash.

Bureau of Finance & Service, 128 Market St., Newark, N. J.

New England Equity Corporation, 499 Essex St., Lawrence, Mass.

A. D. Anderson, 320 L. C. Smith Bldg., Seattle, Wash.

New England Equity Corporation, 59 Main St., Taunton, Mass.

Personal Finance Co., 312 Citizens Bldg., Uniontown, Pa.

Tuscarawas Valley Finance Co., 118 Court St., New Philadelphia, O.

Personal Finance Co., 135 W. Cortland St., Jackson, Mich.

Community Collateral Loan Co., 103 Nicholas Bldg., Toledo, Ohio.

CONVENTION NEWS

Bert D. Strang, publicity man, 405 Hartman Bldg., Columbus, Ohio, who is in charge of publicity for the National Convention, is making elaborate plans to spread the news of this Convention throughout the country. In connection with his plans, it is proposed to run a full page story illustrated by the great and near great in the industrial loan business, and has called for the photographs of the National officers and chairmen of standing committees, as well as the photographs of members of the Ohio Association and Chairmen of the special committees handling the local details of the National Convention. If you are included in this group, please be sure to send Mr. Strang your photograph at once.

The Program Committee is making excellent progress on the program for the National Convention which will include not only good solid stuff, but plenty of time for recreation and social intercourse. One of the chief speakers will be Honorable L. F. McClelland, Judge of the Municipal Court, Atlanta, Ga., who will speak upon "Remedial Suggestions."

Don't forget to send to Frank J. Schneider, 2063 E. 4th St., Cleveland, any suggestions you have for entertainment, especially along athletic lines.

Among the subjects for general discussion will be newspaper advertisements. The chairman of the National Publicity Committee now has under advisement, the suggestion of a prominent member from the Indiana Association in which he recommends that a display be gathered together of loan ads from all over the country and that prizes be offered for the (a) most unique, (b) most effective, (c) most novel. The merits of the ads would be decided by some advertising men who are not in the loan game. There might be several groups of ads: 1. The two inch; 2. the four inch; 3. the double column; 4. the display ad; 5. the classified ad; 6. the ad with cuts; 7. the ad without cuts.

If anybody else has anything to suggest for the good of the cause, shoot it into the National Secretary's office.

PUBLICITY

Under the heading "Making Credit Available for All" the Indianapolis members of the Indiana Association had a full page educational advertisement in the *Indianapolis Star,* May 20. It made quite an impression on the Lenders attending the Annual Meeting. The Georgia Association is continuing its educational publicity campaign in the *Atlanta City Builder,* the Chamber of Commerce monthly publication with good effect.

MANAGERS MEETINGS

As announced in our meeting schedule on the first page, the Aufderheide and Mackey organizations will hold a meeting for all their branch office managers in Cleveland on the two days preceding the National Convention.

Each organization is arranging an interesting program of subjects which have for their object more efficiency and better results.

One of the purposes of holding these meetings at the same place the National Convention is being held is to give the managers an opportunity to remain for the big event.

We commend the action taken by these two organizations to other chain organizations and hope that they will find it practicable to adopt similar plans if not this year, in the years to come.

INSURANCE PAYS

The Beneficial Loan Society, of Akron, suffered a loss by robbery of its safe on March 7, 1926. This loss was covered by a burglary and office robbery insurance policy issued by the Industrial Lenders Mutual Insurance Company, Wilmington, Delaware, which paid the loss in full.

Loan Managers and Investigators Wanted

There are a number of openings in a large chain organization for loan managers and outside men or investigators to do vacation relief work.

Permanent positions for all who qualify by proving themselves honest, industrious and capable.

W-Box 778
Harrisburg, Pa.

The KEY to Your PROBLEM

Credits and Collections

Did you have any perplexing loan problems in your work today? How many of those accounts will have to be charged to profit and LOSS? As many as there were several months ago?

Today we offer you the loan experiences of experts—the answer to your problem. 43 lessons—personal criticisms—advisory service.

Let us have your answer on the coupon below.

Industrial Lenders Technical Institute,
468 Fourth Avenue, New York City.

Please enroll me for your ten-month course in Industrial Loans. My check for $4.50 to cover my tuition fee for the first month is attached.

Name ....
Position ....
Employed by ....
Street and Number ....
City and State ....

IL

SUPPLEMENT

INDUSTRIAL LENDERS NEWS

Official Organ of the American Industrial Lenders Association Which Is a Member of the Chamber of Commerce of the U. S. A.

Vol. X, Supplement. APRIL, 1926. Price, $1.00 a year.

ORGANIZATION AND PROGRESS OF INDUSTRIAL LENDERS

By J. H. Aufderheide

It will be my aim to sketch only in the briefest manner possible the organization and progress of the Industrial Lenders in the United States in the last decade. The industrial loan business is an old one and the evils surrounding this business go back to our earliest records. The first serious attempt at reform and remedy was begun in 1907 by the Russell Sage Foundation. At that time, loan sharks were flourishing throughout the country and the poor and needy were required to pay exorbitant rates of interest for small sums of money. The Sage Foundation at first was under the impression that they could drive the loan shark out of business by drastic laws prescribing a rate of interest which would make it prohibitive for lenders to operate. However, instead of remedying the situation it was found that these drastic measures did not solve the problem because they had overlooked an important factor and that was the necessity of the borrower. In other words, the poor man who needed $50.00 or $100.00 and who did not have banking credit was as willing to violate the law in order to secure a loan as was the shark. It is well known that when a man needs money, if he cannot get it at a fair and lawful rate of interest, he will pay whatever charges are asked to secure it. Necessity cannot bargain with greed.

The Russell Sage Foundation soon found that this was not the way to eradicate the loan shark. It was necessary to furnish a substitute for the unscrupulous lender. They realized that this business was a necessary business and that the only way to combat the loan shark evil was to attract decent men and legitimate capital into this business. The best way in which this could be done was to draft a law which would be fair to the borrower, as well as to the lender and permit the lender to make a legitimate profit on his capital.

In 1916 a committee, comprised of members of the American Industrial Lenders Association, met with representatives of the Russell Sage Foundation in New York, and at that time the Uniform Small Loan Law was born. This law permitted a flat rate of interest of 3½% per month without fees or other charges. The law could not be evaded and it provided penalties that insured its enforcement. With minor amendments, it is the law which was enacted at the last session of the legislature in West Virginia. Gentlemen, you may not realize the importance of that meeting in New York in 1916, but I want to tell you that it has changed the entire complexion on the business of lending money in small sums throughout this entire country. I do not know of anything of which I am more proud than the fact that of the committee of seven which drafted the Uniform Small Loan Law, that I was one of that group.

THE LIBRARY OF THE
APR 20 1926
UNIVERSITY OF ILLINOIS

The Uniform Small Loan Law has worked in every state where it has been enacted. It has reduced unnecessary borrowing and lightened the burden of the unfortunate; it has substituted respect for disrepute and has legitimatized and elevated this business, which in the words of Ex-Governor and former Democratic candidate for President of the United States, the Honorable James M. Cox, "Is more of a necessity in an industrial community than perhaps a bank, for this reason: it is the poor man, who when he needs money, needs it most."

The progress of the American Industrial Lenders Association and the affiliated state organizations goes hand in hand with the progress of the Uniform Small Loan Law. The National Association was organized in Philadelphia in 1916 and from a small organization of some twenty-five or thirty men now numbers hundreds in its membership. It has for its aims and purposes the uplift and dignity of the industrial loan business, and we are proud to say that at no time has this Association ever been discredited in any manner whatsoever.

You have been operating under the provisions of the Uniform Small Loan Law in West Virginia since the first of July, 1925. You gentlemen know that this law is right and just and I am sure that there is not a man here who would want to see it stricken from the statutes of your state. There has never been a criticism of the Uniform Small Loan Law in any respect except that the rate of 3½% per month may be too high. It may be that a company with large capital in a large city may operate at a less rate. However, we know that the small licensed lender in a medium sized or small town may struggle to make a living under the Uniform Small Loan Law. The time may come when loans of this class may be made at a slightly less rate and I am sure that the Russell Sage Foundation and the American Association of the Industrial Lenders will have no hesitancy in advocating a less rate. This business is still in the experimental stage and until time has shown that changes should be made, we advocate that no change be made in our law.

I want to congratulate the West Virginia Lenders Association upon the splendid progress they have made and to tell you that I am indeed proud and happy to be with you to-day. From small beginings you will grow to be a factor in your state and in the United States. Each one has the responsibility of conducting himself and his business to reflect nothing but credit to his state organization, and to the National Association. Keep your business practices clean—render helpful service to those who are unfortunate—regardless of profit—and you will see the stigma and antagonism which has characterized this business completely eradicated.

RELATIONS WITH BORROWERS

By Lloyd Rice

Your committee has requested me to speak on a subject, which according to my way of thinking covers just about the most important phase of our business. My subject is, "Relations With Borrowers."

It would certainly require the knowledge of one more learned and experienced than I to do the subject justice, but however I will hope my hearers will be lenient, and accept my views at their face value. I will base my talk on Article III of the Code of Ethics adopted by the National Association, Sept. 26, 1924, under the same heading as my subject.

For the benefit of those members who have not familiarized themselves with this code of ethics, I will read the ten rules in their respective order:

Relations With Borrowers

1. We shall consider our business a vital necessity in community life and that it affords a distinct opportunity to extend credit to deserving people who may not possess bankable security.

2. We shall recommend that each State pass adequate laws to regulate and supervise this necessary business and to encourage and safeguard invested capital.

3. All patrons shall be dealt with honorably at all times.

4. Courteous, friendly and helpful attention and service to borrowers and prospective customers shall be extended and provided.

5. Where an assignment of wages is taken as part or full security for loans, notice of such assignment will not be served upon employers, except as a last resort to secure repayment of the loan, or to comply with statutory requirements.

6. The terms and conditions of loans shall be explained carefully, fully and

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Correspondence and items intended for publication should be addressed to Geo. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

NATIONAL OFFICERS, 1925-1926.

Chairman, E. P. East, 605 Colonial Trust Bldg., Philadelphia.

Treasurer. C. H. Watts, 468 Fourth Ave., New York City.

Secretary, G. W. Kehr, 10 S. Market Square, Harrisburg, Pa.

VICE-CHAIRMEN.

Conn.—H. G. McMullin, 757 Main St., Hartford.

Ga.—A. B. Madison, 211 Healey Bldg., Atlanta.

Ill.—L. C. Harbison, 360 N. Michigan Ave., Chicago.

Ind.—W. G. Chandler, 701 Odd Fellows Bldg., Indianapolis.

Iowa.—T. J. Harrison, 115½ E. 4th St., Waterloo.

Me.—W. M. Snow, 465 Congress St., Portland.

Md.—C. Howard Hood, 455 Calvert Bldg., Baltimore.

Mass.—H. J. Desormaux, 96 William St., New Bedford.

Mich.—Norman Buckner, 5 S. Saginaw St., Pontiac.

N. H.—F. A. Brodeur, 999 Elm St., Manchester.

N. J.—P. L. Alberse, Romaine Bldg., Paterson.

Ohio.—W. W. Taylor, 210 Feick Block, Sandusky.

Pa.—W. Young, 220 S. 16th St., Philadelphia.

R. I.—G. E. Rich, 26 High St., Pawtucket.

Tenn.—O. H. May, 201 Day Bldg., Knoxville.

Va.—L. E. Pope, 206 E. Grace St., Richmond.

W. Va.—H. L. White, 220 Wheeling Steel Corp. Bldg., Wheeling.

Unorganized States—C. E. Reed, 203 Coleman Bldg., Louisville, Ky.

COMMITTEE CHAIRMEN.

Auditing, H. T. Mattingly, 1201 Calvert Bldg., Baltimore. Md.

Finance, W. P. Woll, 360 N. Michigan Ave.

Law, F. R. Hubachek, Esq., 610 McKnight Bldg., Minneapolis, Minn.

Legislation, L. C. Harbison, 360 N. Michigan Ave., Chicago, Ill.

Publicity, L. K. Osborne, 32 Ruggery Bldg., Columbus, O.

Membership, T. J. Harrison, 115½ E. 4th St., Waterloo, Iowa.

STATE SECRETARIES.

Conn.—W. J. Miller, 805 Main St., Hartford.

Ga.—E. M. Steimle, 301 Peters Bldg., Atlanta.

Ill.—J. H. Sanderson, 11S. La Salle St., Chicago.

Ind.—R. F. Hartz, 347 Bankers Trust Bldg., Indianapolis.

Iowa.—V. V. Boehm, 203 Shops Building, Des Moines.

Me.—H. S. Crosby, 163 Main St., Lewiston.

Md.—H. T. Mattingly, 1201 Calvert Bldg., Baltimore.

Mass.—C. C. Rock, 209 Tremont Bldg., Boston.

Mich.—W. G. Stevens, 2003 First National Bank Bldg., Detroit.

N. H.—Sarah F. French, 413 Amoskeag Bank Bldg., Manchester.

N. J.—V. L. Buchman, 203 E. State St., Trenton.

Ohio.—J. F. Anderson, Bushnell Bldg., Springfield.

Penn.—W. S. Herron, 404 Denckla Bldg., Philadelphia.

R. I.—E. La Gueux, 76 Dorrance St., Providence.

Tenn.—G. B. Love, 217 Journal Bldg., Knoxville.

Va.—F. Bray, 201 New Monroe Bldg., Norfolk.

W. Va.—W. B. Grimes, 304 Kanawha Natl. Bk. Bldg., Charleston.

fairly on or before the date the loan is closed.

7. Loans shall not be made knowingly to minors or to those who are senile, decrepid or intoxicated, or for useless or unlawful purposes.

8. Any investigation and appraisal of security shall be conducted in a manner to respect the usual confidential relation between lender and borrower.

9. Loans shall not be made to persons who do not speak, write or understand the English language, except through an interpreter capable of explaining to such applicant the nature and character of his obligation.

10. We shall condemn any effort to evade our loan laws by requiring borrowers to buy stock or insurance or to leave a part of the borrowed funds on deposit, or by any other method of deceiving the borrower as to the actual cost of his loan.

Each of these ten rules is a solemn promise. A promise to ourselves, to each other, and the world at large. Can any one deny the fineness,—the quality of each?

I have something to say and I am not quite sure just how to say it.

There are many so-called Christians who despite long and frequent prayers, regular attendance at church yes even a generous contribution to the different debt funds, are anything but Christianly in their dealings with their fellow-man. And so it is with some of us industrial lenders. We have a beautifully worded code of ethics, we are members of organizations which foster the highest thought in business conduct, still some of us are found wanting in our dealings with our customers.

I sometimes wonder if we realize how important the borrower is to us—to our business. The first rule I read a few minutes ago said we shall consider our business a vital necessity in community life. It is a fact that our business *is* a necessity to the community, but it is *also* a certainty that the good-will of the people of the community is a necessary factor to our success. This good-will can be had only through merit.

In the different advertising mediums employed by most lenders, their proposition is worded in flowery phrases indeed, but, sad to relate it is very often the case that the applicant when calling personally at the office is treated in a comparatively shabby manner.

We are all of us confronted daily with requests for extensions of time on payments,—every day a formerly prompt paying customer fails to show up with his payment. I will admit that this part of the business is sometimes pretty aggravating, but on the other hand, it is very important that we do not allow ourselves to become out of sorts. I have learned this lesson. Always get the other fellow's story. Weigh it thoroughly, stay over on his side of the fence until you understand his position. Then get hold of him and drag him over on your side, and convince him as to your position. There has never been a case in my experience where a satisfactory compromise has not been effected. Don't jump on a delinquent and roar at him. Who knows what sorrow with which his poor heart might be filled? What troubles he might be bearing? I do not feel that there ever was a difficulty so great that two men, both willing to arbitrate, could not overcome.

I have been talking way too long now and I am sure you are all tired of hearing me. I do not know whether I have made myself clear or not but the idea I have tried to put over is this in a nutshell: "Since the customer is the goose that lays the golden egg, then for heaven's sake, have a heart and be kind to that goose." Thank you.

THE REASON FOR A DELINQUENT

By C. E. DeLotell

The loan was not properly closed, by that I mean, the borrower was not properly sold on the loan he purchased. The main reason for a dissatisfied consumer is, poor salesmanship. For example, if a man buys an article that has been poorly demonstrated or misrepresented you are very liable to find him to pay the same way, careless and shiftless about his payments, and he will be a very hard person to conquer, because, he has been fooled once and he does not care to have you fool him again. So this makes matters very difficult to adjust. In our positions we are in business to sell money to the public and to my knowledge there is no easier article on the market to sell than real money, on the instalment plan. But, if it is not sold properly it will be just as difficult to get it back at a gain as any other commodity not sold properly. You will ask, "How would you make a man pay who has been sick or out of work?" If a man has been sick or out of work you allow him to slide by without an effort to make him pay, if only part of a payment you will soon find he will be sick about every other month, and in a very short time you will have the worst kind of delinquents, what I call a habitual delinquent, and you would be the cause of ruining his credit record for other merchants. So you do not only harm yourself and a customer but you have harmed others who might extend him credit. In other words if you fail as a salesman to sell a loan properly, your customer will go to another company before he has you paid off and borrow more money on the same security making it doubly hard to collect, this kind of a delinquent causes a hardship on both loan companies by having a double burden to carry.

A delinquent is like a disease germ, they breed rapidly and one germ is just as dangerous as many and are very hard to conquer. If you have a great number of delinquents or a few, he is most sure to come in just at a time when the office is crowded, with a sad story of how he has had hard luck and cannot pay until next month. Your good customers absorb this conversation and next month your delinquents will increase and continue to increase until you have lost all control of your accounts, and you will be swimming in them both at the office and at home. "Think longer and say less."

In this particular city of Charleston there has been lack of coöperation which also helps materially in producing very bad delinquents. There is only one way to eliminate this and that is to get together and be a body of real honest to goodness loan men. The high rate days are over in West Virginia, so let us all get our shoulder to the wheel and push hard, we are in a very bad position at present and have to push up-hill for a time, but should we reach the top and go down the other side, it would be hard then to hold back, everything would run so smoothly and your work would be more pleasant.

"Lets Go."

WIFE IS NOT SOLE OWNER OF HOUSE GOODS, JURY SAYS

Accordingly, Some of Pickerings' Furniture Will be Sold to Satisfy $750 Judgment

Mrs. Leydia Pickering, of Dunmore, is not the sole owner of everything she lays her hands on at her home, a jury of men and women held in a verdict returned in common pleas court today.

Before Judge Culver, of Bradford county, and the jury, yesterday afternoon, Mrs. Pickering, the wife of Frank W. Pickering, insisted that everything former Sheriff Jim Reap levied on in the effort to collect a judgment against her husband last fall was in reality her property and should not go under the hammer at a public sale.

In the local court prior to the issuance of the execution, Pickering, a jury held, should pay John Haggerty $750 for running down and killing Haggerty's young son with his automobile.

The jury got the case after P. E. Kilcullen insisted that the husband is the owner of everything around one's home, and Ralph W. Rymer, for Mrs. Pickering, held that things were just the reverse.

"Kilcullen here is a bachelor, and, of course, does not know that the wife owns everything in the house. I'm a married man and I know what I'm talking about," Mr. Rymer told the jury, four of whom were women.

The jurors after battling with the question for several hours finally reached an agreement last night and brought in a sealed verdict today. In it they held that Mrs. Pickering owned the victrola, a bedroom suite, a steel engraving and the kitchen utensils and that the remaining articles levied upon, a floor clock, the parlor and dining room furnishings and the automobile belonged to the husband.

Accordingly, the goods found to be owned by Pickering will be sold and the proceeds turned over to Mr. Haggerty. J. E. Sickler was associated with Mr. Kilcullen for Mr. Haggerty.—*Scranton Times, March 23, 1926.*

STEIMLE AND MADISON ATTEND CREDIT MEN CONFERENCE

A. B. Madison and E. M. Steimle, chanrman and secretary respectively of the Georgia Industrial Lenders Association attended the Second Annual Southern Conference of the Associated Retail Credit Men held at Whittle Springs Hotel, Knoxville, Tennessee, last month.

They say they again met and heard our friend Woodlock of the Retail Credit Men's National Association give one of his effective talks. Both men say they got a lot out of the conference and were pleased with the publicity that resulted.

Knoxville offered a cup to the State having the greatest attendance according to mileage which the Atlanta crowd won and took home with them. It is described as being "beautiful and eighteen inches high."

RELATIONS WITH PUBLIC OFFICIALS

By W. P. Gore

The program committee having placed me on the list of speakers to address this meeting, I at once set about to study the question assigned me, "Our Relations with Public Officials."

To ascertain this relationship, it has been necessary first to study the statute which gives us our existence. For years past there has been a persistent effort and insistent demand to prescribe some limit to interest charges required by persons making small loans.

The legislature of our State Acts, 1925, chapter No. 96, enacted the law under which we operate and which now governs us in our dealings with the public and this statute has defined our duties as well as our rights, and has created the machinery by which we are to be governed in the conduct of our business.

As is well known, prior to the enactment of this law, the small borrowing public was at the mercy of every Shylock who chose to demand both the flesh and the blood from the helpless public. From the earliest times the legislative branch of the government has prescribed the rate of compensation or interest that might be legally demanded for the use of money and credit used in the conduct of the commerce of the country and this rate has been such as to enable the one using the same to get a reasonable return thereon and to also compensate the person extending the credit.

What we might call a new law affecting what we might also denominate a new business and has not only recognized small loan institutions as legitimate enterprises, but has imposed certain limitations upon us as well as certain well defined duties to be performed.

The first duty imposed is the procurement of a state license by every person, co-partnership or corporation who shall engage in the business of making loans of money, credit, goods or things of value, and the applications shall be in writing and shall contain the full name and address, both of the residence and place of business of the applicant and for this privilege, if granted, every such applicant shall pay the sum of $100.00 as an annual license fee.

Every person, firm or corporation so engaged shall execute a bond in the penalty of $1,000.00 with one or more sureties to be approved by the State Banking Commissioner pavable to the State of West Virginia, for the use and benefit of the State or any person or persons conditioned that said obligor will conform to, and abide every provision of the law under which we are operating, and to indemnify any person against loss by reason of any violations of this law on our part.

The duties and obligations which we owe the State and its duly constituted authorities under this law are as sacred and binding upon each and every one of us as any duty that devolves upon us in the observance of any other law of our land.

In my opinion the fidelity and patriotism with which we observe and obey the statute regulating the conduct of our business will very largely determine future legislation affecting our business.

The common and popular slogan today is "obey the law," and the demand for law enforcement has never been more universal in this country.

As a final admonition, I would urge every member of this association to comply with all the rules and regulations prescribed by the constituted authorities of our beloved State for the conduct of our business, which in my opinion, will yield the largest possible dividends, and will assure the permanency and stability of our investments.

I. L. T. I. MOVES

On April 3d, the Industrial Lenders Technical Institute moved to larger and better quarters at 468 Fourth Avenue, New York City.

VALUE OF STATE AND NATIONAL ASSOCIATIONS

By F. H. Withrow

In reviewing the work of the National and State organizations of Industrial Lenders, their value to us, our relation and duties towards each organization, we may ask why the State Organization?

Our state organization exists for the reason that the individual persons who composed the 23 companies now licensed and operating in this state, many of them have felt for a long while that the conditions governing the small loan business in this as well as other states, should be remedied, the large numbers of borrowers and the demands for small loans have created a real necessity and business for the lenders, recognizing the conditions throughout the state and the manner their business was handicapped and in order to bring about a uniform law governing the small loan business and to create a more friendly coöperative spirit among the lenders, the various companies of this state have felt the necessity for the State and National Associations.

Each individual company or lender of this state who has complied with the law governing the small loan business is interested more than ever before in seeing that his business becomes more elevated and to show to the curious public and to the various classes of business that his is one of service and of a necessity to his community, he is interested in seeing that the loan business is changed from the olden methods. Our State and National Associations have been able to elevate the standard of the loan business in this and many other states, from haggle and barter—to a uniform fixed charge, from tricks of trade—to open square dealing, from the customers beware—to customers satisfied, from the old time "bawler out"—to courteous treatment in our dealings and collection methods. From the uncertain terms and explanations of a contract to a complete explanation and understanding of all the terms and conditions of a contract. From misleading advertising,—to the plain truth in advertising. From dark confidential office rooms,—to a light airy bank light office, from an office and a business that our patrons have felt humiliated to patronize,—to an office and a business that our customers who say they are pleased and appreciate the privilege of dealing with us. From the position of a public but necessary evil,—to a recognized influence for public good,—these are a few ideals which have been attained by the State and National Organizations.

The interests of the various members of each state are mutual,—they have assisted the National and State Associations in elevating the loan business to that standard I have herein enumerated, —to maintain such standard, the necessity of an organization and complete coöperation is imperative, our present system of loans in this state should be appreciated and should be maintained through the efforts of our individual members and our State and National Organizations,—it is up to us as individual members to educate out customers as to the fairness of the law governing our charge on loans and to show to the public or to any one who may take occasion to criticize or condemn our business that ours is a legalized, legitimate and a necessary business,—the fault fellow members for our business being so little understood rests with you and me, we do not take sufficient interest in explaining to an inquiring public the necessity for our business, we too often allow knocks and kicks to go by unchallenged.

Why the National Association? It was George Washington who said, "Where there is no vision the people perish," this old and true saying can well be applied as coming from the founders and promoters of the National Organization, the men who have promoted the National Organization have been working, not for personal gain, but to bring about legislation and a betterment of loan conditions in the various states of the Union, that you and I might enjoy the privileges of a business which is of interest to us as well as to our fellow man.

The few loyal men at the inception of the National Organization supported by the Russell Sage Foundation, evidently had the vision as to the future of the small loan business,—had it not been for their vision no doubt but what our business would be gradually perishing to-day, they have been faithful and their works have been rewarded by the enactment of uniform laws in 23 states of the Union, with a membership of approximately 500.

The personnel of the officers and executives of the National Association, have been since its organization, composed of the highest type of lenders and business men in the state, and our thanks and appreciation are due these gentlemen for what they have accomplished for us.

The National Association and their work is made possible by the coöperation and assistance received from the various State Organizations, the State Association and their work is made possible by the support and coöperation of the individual members of the association, the value of these organizations at this time cannot be overestimated. They have furnished the lifeblood for the lenders and will continue to function, only by and with our united support.

Knowing the importance of the work of the State and National Association as we do,—what each have accomplished in their respective field of work, it is our duty at this time to strive to make our State Association 100% membership. If each State does her part towards this end, our National Association will automatically function.

A summary of our relations and duties toward the State and National Association can briefly be defined by the one word "Coöperation," it is our privilege and duty to assist each Association, to do so we must begin at home, each fellow willing to lend the other his assistance and strive to be fair with his fellow-men and to play the game FAIR.

The following poem by Kiser entitled the "Great Game of Life" well conveys to us the feeling we should exemplify towards our business associates, to our customers and to our fellow-men.

Life's a game let's play it fairly
Each a sportsman first and last.
Let us face each other squarely
Ever holding friendship fast.
Let us deal with one another
In a frank and honest way,
Giving to the losing brother
Such concessions as we may.

Why be bickering or nagging,
Since the game must be so brief?
Why in sulkiness be lugging
Or importing needless grief?
Why indulge in petty cheating
Though our meaning be unknown?
Why have any pride in beating
Where our merit is not shown?

Why attempt to sneak successes
That to others should belong
Fame is sweetest when she blesses
Those who win by being strong.
Let us face each other squarely
Holding truth and honor fast,
Life's a game: let's play it fairly
Each a sportsman first and last.

BLOCKS FINANCE FIRM'S PLAN TO TAKE MAN'S PAY

Legal Aid Society Obtains Temporary Injunction in Its Fight

Another blow was struck Wednesday in the campaign of the Legal Aid Society against alleged usurious money lenders when Common Pleas Judge A. J. Pearson temporarily restrained the Superior Finance Co., 2043 E. Fourth street, from filing a wage assignment with the New York Central against James McCabe, 930 E. 141st street, a switchman.

The petition for injunction was filed by C. E. Clarke of the Legal Aid society, and alleges that on Feb. 10, 1925, McCabe borrowed $35 from the Superior Finance Co., assigning his wages as security, and has since paid $66.50 interest on the loan and still owes the original $35.

Wife, Three Children

McCabe has a wife and three children, the petition stated, and because of sickness has been unable to repay the $35 loan to the finance company. Should the loan company file his wage assignment to collect the debt, according to the petition, he would be subject to discharge. Judge Pearson temporarily restrained the company from taking this action.

Clarke charges the Superior Finance Co. is one of a ring of wage-buying combines which prey mostly upon railroad workers and others who would lose their jobs if their companies learned they had signed wage assignments.

"These wage-buying companies prey on workers who, because of sickness or other causes, are in bad financial condition," said Clarke. "They make a loan, forcing the victim to assign his wages as security. Knowing he will lose his job if the assignment is ever presented to his company, they hold it over his head to make the victim pay extortionate interest."

Allows Them to Operate

These companies are enabled to operate, said Clarke, because the supreme court of Ohio has ruled it is legal to purchase wages.

"But we expect to show the court they don't buy wages," said Clarke. "All they do is collect interest, and interest can't be classed as wages. If the court upholds our contention these companies will be forced out of business or under supervision of the state securities commission, and that body is not allowed to issue a permit to a company charging more than 36 per cent interest."

A similar injunction to the one granted today was placed upon the Central Finance Co. two weeks ago by Judge Pearson at the instigation of the Legal Aid society. This case involved Daniel Steiger, a fireman on the Big Four. So far the Central Finance Co. hasn't contested the action.

The state securities commission, the Better Business Commission of Cleveland, Brotherhood of Trainmen, Law Director Carl Shuler and railroad attorneys are assisting the Legal Aid society in fighting these cases.—*Cleveland Press.*

LOAN COMPANIES EFFECT MERGER

Two Illinois Concerns Combine With One Here—Total Capital, $1,500,000

Merger of three industrial loan companies into a large corporation, with headquarters at Indianapolis, representing a capitalization of $1,500,000, was announced yesterday by John H. Aufderheide, president of the Commonwealth Loan Company. The companies involved in the merger are the Indiana Collateral Loan Company of Indianapolis; the Peoria Loan Company, Peoria, Ill., and the Tri-Cities Loan Company, Quincy, Ill. The companies were merged into the Metro Loan Company, Inc., and its headquarters will be in the Guaranty building.

Mr. Aufderheide announced also that the merged company within the next few days will open a branch office at Chicago, and later other branch offices, serving smaller cities in Indiana and Illinois, will be opened.

Mr. Aufderheide is the president of the Metro Loan Company, R. C. Aufderheide and T. M. Kaufman are vice presidents, G. C. Grinsteiner, secretary-treasurer, M. B. Merrit, assistant treasurer, and D. R. Reynolds, auditor. The new loan corporation has an authorized issue of $500,000 common stock, of which $375,000 has been issued and paid for and an issue of $1,000,000 preferred stock.

$375,000 To Be Sold

The company has issued $375,000 preferred stock, which will be offered to investors within a few days. The three companies prior to the merger had been operated separately as collateral loan companies and each has a large business.

Mr. Aufderheide is a pioneer in the collateral and industrial loan business in Indiana, and has been at the head of a chain of loan companies scattered throughout Ohio, Indiana and Illinois for many years. He began business forty years ago—a business that has been operated continuously.

In announcing plans to operate a large loan company in Chicago, through the newly formed Metro company, Mr. Aufderheide declared he expected the Chicago office, in a short time, to prove the most important link in a strong chain of offices to be operated by the company.

The Commonwealth Loan Company is

also an Aufderheide concern, and has large offices throughout the state, and in certain cities of Ohio.

Offering of Preferred

The offering of preferred stock in the new company will be made through the offices of the company, both at Indianapolis and throughout the state. The stock is an 8 per cent cumulative preferred issue, with shares of $100 par value.

Estimated earnings of the company for 1926 are $60,000—more than double the amount necessary to pay annual preferred stock dividends. The stock is callable at par and accrued dividends, after five years and matures September, 1941.

About four years ago Mr. Aufderheide, through the Commonwealth Loan Company, floated an issue of $1,000,000 preferred stock, distribution of which was made almost wholly through the offices of that company. Proceeds of the new offering of the Metro Loan Company are to be used in opening new offices and in developing business already founded.—*Indianapolis Star, March 23, 1926.*

LOAN SHARKS TAKE $1,000,000 ANNUAL USURY, BOYD SAYS

Declaring that approximately $1,000,000 is taken from the pockets of Atlanta's poorer people each year through "moral usury," J. L. Boyd, executive secretary of the Atlanta Legal Aid society, on Friday addressed the Civitan club at its meeting in the Ansley hotel on the subject of small money-lending conditions in Atlanta.

Defining "moral usury" as "the exaction of a greater rate of interest than the law allows for the advance of money by a lender to a person in desperate need of a loan for consumptive purposes," Mr. Boyd said the small loans and investments committee of the society coöperates in every way with persons operating under the Georgia law that allows an interest rate of 3½ per cent per month on loans of less than $300. He said the society had found this rate of interest to be reasonable and sufficient.

Mr. Boyd said that the "unregulated activities" of salary assignment agencies that charge interest rates of 20 per cent per month and over, is "giving Atlanta the reputation of being a center of loan sharkery," adding in this connection that "no business that takes over a million dollars per year out of the pockets of the poor should be tolerated.

—*Atlanta Journal, Mar. 19, 1926.*

The Legal Aid Society has demanded that all the loan sharks comply with all the laws of Atlanta applying to the business. The complaint of the legal society is that some of the operators fail to obtain license, to post the $500 bond required by city ordinance, to disclose the identity of ownership of such business, to keep books for public inspection or to issue a statement as to the time, amount and period involved in the transaction.

Why is it necessary for the Legal Aid Society to do a work that is plainly the duty of some one in the employ of the city to perform, one is at a loss to understand. Surely some officers are empowered to do this work, and should perform.
—*Atlanta Labor Journal, Mar. 19, 1926.*

INVESTIGATE ACTIVITIES OF SMALL LOAN FIRMS

City Solicitor Horton Is Conducting the Investigation

With the View of Bringing Charges

Companies Are Alleged to Have Charged High Interest

Test Case Is Cited

Davis Case Went to Supreme Court

City Solicitor Phin. Horton yesterday began an investigation of small loan companies with a view of indicting several operators on criminal charges of violating the State usury law, as a result of the sensational disclosures made Friday night before the Board of Aldermen. He expects to interview scores of witnesses who have been forced to pay between 300 and 384 per cent interest and who have been threatened and intimidated, by money lenders who use a bill of sale which, it is alleged, is strictly prohibited by a State statute tested in the Supreme Court of North Carolina in a case that went up from Forsyth County when J. J. Davis was convicted and fined $50 and cost for charging "usurious interest."

Davis was accused of charging only $1.75 per month interest on $10, holding under mortgage kitchen and household furniture, while local loan companies are accused of charging between $2.80 and $3.20 interest per month on $10. The statute specifies "mortgages, bills of sale, or any other paper on kitchen or household furniture where interest greater than six per cent is charged."

Make Efforts to Collect

Indications were yesterday that the small loan companies of the city are making every effort to collect their principals before city and State authorities can take action against them. Several of the colored people who have complained, declared that loan officers have called upon them and demand that they pay immediately. Threats such as these have been sent through the mails, "You better come here and settle your bill before the sheriff settles it for you." These are some of the things postal authorities are investigating, it was stated, with the intention of bringing indictments on charges to use the mails to defraud. Such investigation is viewed with keen apprehension by local lenders accused of charging usurious interest, in view of the long penitentiary sentence imposed on Dr. Frederick A. Cook, who was convicted of using the mails to defraud, and in view of the indictments brought against Charles Ponzi, famous money wizards, who has completed a long term in prison.

Operators in Winston-Salem have grown bolder and bolder, investigators have told the city authorities. While at first they sent out their notices by hand, they finally grew so bold that they would send their demands by registered and special mail; and authorities have these receipts and threatening letters.

Mayor Commended

Mayor Thomas Barber was congratulated yesterday by several citizens on the vigorous action contemplated by the Board of Aldermen. Support from manufacturers on whose employees the loan "sharks" are accused of preying and impoverishing, was unofficially promised from several quarters in an effort to wipe out the condition forever.

Investigators, headed by Mangum Turner, charge that the small lenders operating with bills of sale never have proceeded legally. They state that the lenders have executed judgments of bill of sale and confiscated the property without offering it for sale at public auction, according to law.

Several lawyers interviewed yesterday stated, "This class of operation is a plain violation of the criminal statute."

One who has had no connection in the investigation explained it thus: "Suppose you want to go into the other room, and instead of going direct through the door you go through the other office and enter through another door. What difference does it make? It doesn't make any in law, except that it is worse when you get in court if you have gone around-about instead of direct."

Draughan Explains

H. G. Draughan, whose suit against Charles Williams, colored, was tried Friday and who was given a judgment, declared last night that the receipt Williams has is a forgery. He charged that the receipt was raised from $2.80 to $12.80; and that Williams has never paid the original $10. A $50 reward is offered for the recovery of this receipt, and is in the hands of the police, said Mr. Draughan.

Mr. Draughan testified in court that he had bought Williams' paper and numerous other papers from W. A. Handley.

Sadie Holmes, colored Dunleith Avenue grocer, has shown newspapermen numerous receipts that she has a loan of $100 for which W. A. Handley held a bill of sale on her household and kitchen furniture; and these receipts show that she has paid $20 per month. However, these receipts call this $20 "rent" and not interest.

Byrd Makes Statement

Magistrate W. F. Byrd stated yesterday in defense of his position, that out of the thirteen cases of the character of the Draughan case Friday that he has tried, only two of the defendants have appeared at the trial; and that judgment was rendered in these two cases when the defendants admitted they had borrowed the money.

"If the defendants do not appear for trial," Mr. Byrd declared, "I render judgment according to law. In the other cases there was no reason why I should have gone behind the warrant unless something developed at the trials. There has never been a complaint made by the defendant as to the high rate of interest; and I have no way of knowing what amount of the judgment asked for is principal or interest. I strongly suspect, however, that that sort of thing has been going on, and nobody will be more pleased to see the whole affair cleaned up than I."

Mr. Byrd stated that he has kept careful records, and that these records are open for investigation.

Supreme Court Upholds Law

The statute on which J. J. Davis was convicted, introduced in the legislature by the late J. C. Buxton of this city and upheld in the Supreme Court of North Carolina, and the argument of Governor

Bickett, then attorney general, which Justice Hoke quoted in rendering his decision, follows:

"Section 4509 of consolidated statutes of North Carolina provides as follows:

Usurious Loans on Household and Kitchen Furniture

"Any person, firm or corporation who shall lend money in any manner whatsoever by note, chattel mortgage, conditional sale or otherwise, upon any article of household or kitchen furniture, and shall take, receive, reserve or charge a greater rate of interest than six per cent, either before or after the interest may accrue or who shall refuse to give receipts for payment on interest or principle of such loan, or shall fail and refuse to surrender the note and security when the same is paid off or a new note and mortgage is given in renewal, unless such new mortgage shall state the amount still due by the old note or mortgage and that the new one is given as additional security, shall be guilty of a misdemeanor, and in addition thereto shall forfeit double the interest which has been heretofore paid."

Bickett's Plea

In a decision upholding the validity of this act, Justice Hoke, writing the opinion of the Supreme Court, quotes the remarks of Governor Bickett who was then attorney general, and who appeared on behalf of the State in which he said, "The law making power of this State has always realized that the loss of those articles necessary for comfortable and decent living entails great suffering upon women and children, frequently resulting in the breaking up of a home, and in the creation of conditions which are a menace to the public health and to the public prosperity.

"The statute under consideration is a logical and lawful extension of the protection which it has always been the policy of the law to afford this peculiar class of property. The General Assembly knew that the man who mortgages his household goods does so because he has nothing else to mortgage. He is the poor man, the illiterate man, and his poverty and his ignorance make him the easy prey of the usurers.

Class of Usurers

"The General Assembly also knew that in some of the cities of the State there were springing up a class of men who were selling money, like furniture on the installment plan. It was to save the things necessary to the existence of the home from the grasp of such men that the Act of 1907 was passed.

"We submit that the statute tends to preserve the domestic peace, to promote the family health and prosperity, and is a valid exercise of the police power of the State.

"It is not class legislation; it operates alike on those who take mortgages on household and kitchen furniture. It regulates a business and does not create a class."

This act was introduced by J. C. Buxton, of Winston-Salem, who was in the State Senate. This particular case went up from Winston-Salem and was tried in 1911.

Cases from all over United States and from the Supreme Court of the United States were cited in upholding the validity of this law.—*Winston-Salem Journal, March 14, 1926.*

FOURTEEN INDICTED ON CHARGE OF USURY

The second step in what is termed a war to force alleged loan sharks and salary assignment purchasers to comply in every detail with city, county and state law, was taken Wednesday when the Fulton county grand jury, in special session, returned 10 indictments charging a misdemeanor against 14 persons.

The movement is being sponsored by the Atlanta Legal Aid Society, under direction of J. L. R. Boyd. A special committee on small loans and investments of the aid society appeared before the grand jury and laid before that body a survey of such operations in Atlanta. The committee is composed of Wharton Wilson, Jerome Jones, Jr., Herman Hyman, John Tye, Jr., and William Matthews. In addition to the committee a number of alleged "victims" testified.

The first gun in the war was fired Wednesday afternoon, March 10th, at a meeting of the tax committee of city council, when a group of the victims appeared before that body and presented a petition seeking redress by having the committee take such action as "is necessary to enforce laws governing such business."

Among complaints filed were claims that "some of the operators failed to obtain licenses, to post $500 bond required by city ordinance, to disclose identity or ownership of such business, to keep books for public inspection or to issue a statement as to the time, amount and period involved in the transaction."

The indictments returned by the body charged that the agencies charged more than the legal rate of interest.

The following were indicted: W. M. Braswell, of the Georgia Investment company, East Hunter street, two bills; P. G. Barnes, of the Bristol Finance company, on West Alabama street, two bills; L. R. Cox, of the Inman Yards Investment company; W. B. and L. F. Lawrence, of the Walton Discount company, on Peachtree street; C. V. Hopkins, of the Hopkins Investment company, on West Hunter street; A. P. Liddell and W. G. Cooper, of the Phoenix Investment company, in the Anstell building; Walter A. Malone, of the Georgia Investment company, on East Hunter street; C. G. Mathis, of the King Investment company, on West Mitchell street, and a joint bill against G. H. Rosenbush and M. R. Markham, of the Atlanta Finance company, in the Palmer building.—*Atlanta Constitution, March 18, 1926.*

WHO PAYS THE COST OF CREDIT FRAUDS?

By Marshall D. Beuick, B.Lit., M.S.

Department of Public Relations, National Association of Credit Men

The question often arises as to who pays the cost of commercial frauds that result from concealment of assets, fake bankruptcies and bankrupt fires. It is a question that cannot be answered in a few words. However, in general it can be said that the manufacturer and wholesaler pay the cost of frauds out of their profits.

As the losses through commercial frauds are not evenly distributed throughout business, they do not represent a fixed charge like a tax or overhead expense that can be passed on to the consumer. Fraud losses vary greatly between business concerns so that where business is operating on a strictly competitive basis the loser cannot attempt to pass the loss on to the consumer in the price of his goods which would then be higher than the prices quoted by his competitors.

There are some exceptions to this general rule, however. In businesses that operate in such a manner that they can charge a monopoly price, which may be what the traffic will bear or a low price which in the long run creates a larger profit than a high price, the fraud loss, in most instances, can be passed on to the consumer by an increase in price. This would be true in businesses which control patents or produce a highly specialized line of goods that are not made of equal quality by any other concern.

It is also possible to pass fraud costs along to the consumer in those businesses which are limited to a few fields and not highly competitive. There are, for instance, concerns manufacturing a line of goods for which there is limited demand and which vary in quality or style among the few manufacturers in this particular field. It is often the case that in this kind of business the prices vary considerably and these prices do not influence each other to any appreciable degree. This would be another instance where the losses of commercial fraud could be distributed through the sale of merchandise to the consumer.

Another type of business which would be comparable with the foregoing instance would be those concerns which operate on a highly productive or efficient basis, and which, therefore, could increase the price of their products by small amounts to pay for fraud losses without endangering sales. Other concerns in the same line as these highly productive plants, however, could not do this for their prices would already be higher and the addition of a few cents to the wholesale price would endanger their amount of sales.

Even where credit insurance may be resorted to, the cost cannot be entirely escaped, for the losses that would result to policyholders would be paid by all the insured; and the premiums that would pay the losses would as indicated before, come from the merchants' profits.

One can get an idea of another cost that is attached to fraud by learning that in seven years the Credit Protection Department of the National Association of Credit Men spent nearly a half million dollars in investigating credit books and bringing evidence before Federal and district attorneys. Besides this, some of the 140 local associations that are affiliated with the National Association spent considerable sums in similar independent work.

Six cases handled by the Association that were chosen at random indicate that the fraud cost of investigation averages about $600 for each case. We must bear in mind also that creditors' committees under their own initiative conduct similar work from time to time which runs into large sums of money. The Board of Trade of San Francisco has done this sort of work from time to time and has in fact set aside a sum of money for prosecutions in San Francisco and its environs. These costs which I have just recounted roughly all come out of the profits of business and they are spent, of course, in the hope that assets may be recovered to reduce the loss to business.

There are also adjustments in bankruptcies which are costly and sometimes occur in fraudulent failures. In legitimate failures these are a necessary burden on business, it appears from experience, but these adjustments and compromise settlements, it is regrettable to say, are made often with business burglars or dishonest bandrupts.

The retailer is also a loser through unfair competition that is created by bankruptcy sales, and in the unscientific distribution of distress merchandise, not to overlook stolen goods, that often result from fraudulent bankruptcies.

Since it is quite likely that the large majority of business concerns must meet the cost of depredations by the business burglar out of their own profits, it is highly necessary that the business man exert all possible effort in reducing commercial fraud. One of the first steps in this direction is the organization of a properly functioning credit department under the management of a skilled credit executive who shall not be a mere mechanic in his credit operations. He must be a man with broad vision and an economic theorist as well as a practical business man, and a person with investigative ability.

Of further importance is the contact with an organization that can provide current information about debtors, such as is provided by the Credit Interchange Bureaus of the National Association of Credit Men.

Finally, the credit man should know the necessary steps to be taken when his concern is defrauded and be in a position to assist organizations that investigate commercial frauds, to assist the concern's attorney and quite often a district or Federal attorney.

Contrary to the belief of some business men that the cost of commercial fraud bears upon the consumer and is, therefore, often recognized as a cost of doing business, this tribute that is paid to the business burglar usually comes out of the business man's profits.

As long as business men believe that the tribute is passed on to the consumer they will be lax in their credit methods, and will not be as greatly concerned as they should be about the reduction of commercial fraud.

TRAINING THE OUTSIDE MAN

By H. M. Curry

This is a subject upon which much has already been written and said, and probably much more will be written in the future. Some of the remarks I make will probably sound like stolen thunder, but I assure you that is not the case. The difference is that the other fellows said it before I had the opportunity.

It is a deep subject and a long one; one that cannot be governed by any hard and fast rules, but only by the application of some common sense, plus a little pychology, mixed in with the observance of the Golden Rule. The dose is to be taken and repeated daily, as long as you have an outside man.

My theory is that once you hire a man, you do it with the thought and expectation that he will stay with you and develop into a real assistant, and eventually work his way up through the ranks.

Granting that you have such a man engaged, the first thing to do is take him into your office, explain the business fully to him including the law under which you are operating, and let him know just what you expect of him. Let him feel that you are interested in him and will endeavor to help him all you can. Awaken in him a desire to set the world on fire, so to speak.

I remember one instance of a man who was sent to me after only two weeks service. I started out along these lines and he remembered my little speech so well that he could not only repeat it almost verbatim after a few years, but he worked hard and profited by it, until at the present time he is either an assistant supervisor or supervisor for one of the large chain systems, while I by the way am still a manager.

After you have shown him what his opportunities are, do not do with him as the manager who hired me did. He was not quite sure whether I would ever make a loan man or not and he did not want to take up the time of any of his regular outside men to train me. He gave me a bunch of skips and said, "Go out and see what you can do with them." He gave me no further information, but out I went in the pouring rain. How well I remember it even if it was eighteen years ago. To make a long story short, he followed this procedure for three days, but fortunately for me, the rain didn't. By this time I had found eight of the skips. I suppose if I hadn't located any he would have discharged me then and there. However, he apparently decided I was almost worth sending out with an experienced man, which he did for two days.

Go out with your man yourself and show him that it can be done and how. I think every manager should go out with a new man first, rather than even the best outside man you might have. If you do this, you know he is being started according to your own ideas. Of course, if you have no other outside man, you naturally would have to go with him. Even where there are other men, go with him at various intervals and he will see that you are taking an interest in him, and will usually put forth a little extra effort to show you that your confidence has not been misplaced.

Tell him, and keep on telling him, to ask questions, for about the only way he will ever find out anything is by asking.

After you see that he is coming along satisfactorily, show him some of the office routine; let him wait on some of the customers at the window and gradually let him learn the entire system.

Pat him on the back frequently; use him, but do not abuse him. He is human and oftentimes very sensitive.

One big fault to guard against is faking cards. For instance; he has been out on a card frequently without producing any result. This might make him feel, particularly if he has had a hard day, there's no use going to see Mrs. Jones to-day; I'll just mark the card "out." Of course, if I suspected he made a practice of doing it, I would verify it by checking him up personally. After I was sure of my ground, I would confront him with the facts. If he denied it, I would discharge him on the spot. If he admitted it, seemed sincere in his regrets and was otherwise a good man, I would be inclined to give him another chance, after I had reminded him of the confidence and trust I put in him and how he hurt himself, as well as me, by not playing the game square. If I gave him another chance, I would check him up very closely after an interval—he would not do any faking for a while anyhow, thinking he might be watched. Usually one lesson of this kind will cure him. If it does, you have saved for your company one who probably will turn out to be a good manager, whereas, if the first impulse had been acted upon, he would have been lost and all your time, efforts and expense wasted.

Always remember to err is human. I am not upholding anyone in being dishonest to either his employer, himself or anybody, but I always cling to one of Lincoln's remarks—"A man who never makes a mistake never makes anything."

I do not believe in restricting or hampering a man with a string of don'ts, but rather impress on him mostly dos. If he is the type you are seeking, he will go out and do. Your reward will be the satisfaction of knowing you helped another man on to promotion and advancement.

HANDLING ACCOUNTS DURING AN EMERGENCY

By William V. Cawley,

Community Finance Service, Inc.

In every line of business, as you all know, there is experienced certain periods of depression, in which various enterprises usually experience a downward trend in business; the causes for this are varied. Recently, northeastern Pennsylvania has been experiencing a chaos laid directly to a dispute of great magnitude between organized labor and capital. This condition has played havoc with economic and living conditions to those who are either directly or indirectly concerned therein. When these emergencies arise, different methods must be employed in regulating business and the Merchant, Banker, and Small Loan Man must protect his interests, and at the same time, keep the good will of his customers.

Naturally, we take the deepest interest in the business in which we are engaged. Therefore, the "Small Loan Office" is obliged to handle accounts in a different manner to that of normal times. The recent "Coal Mine Suspension" happened to be the cause of this Universal Depression.

Those engaged in the Coal Mining Industry, recently, had no income except those who were engaged in maintenance work around the collieries, such as engineers, pump-runners, and fan-runners. Sixty per cent of our service is extended to "mine workers," who prior to the strike were our best payers and these worthy clients should be carried through this emergency with courtesy and extended the greatest possible leniency.

The recent "Mine Suspension" had reached a point where not only the miners were affected, but everyone in the Anthracite Regions was indirectly effected.

The chronic "slow-pay accounts" then had an alibi, of which a great many took advantage. It is generally this type of customer who will resort to this way of "stalling" on their account that had other members of the family working. The husband may have been on strike, but the son may have been working in a factory, or some other place of employment, which the strike did not affect. The daughter may have been employed in a store, office, or mill. In such a case, there is absolutely no reason why this particular account should fall delinquent.

Persons whose livelihood depends entirely upon the mining industry must be given due consideration. "Interest" payments were insisted upon where the case warranted and the "principal" balance carried until such time as the borrower's circumstances enabled him to adjust his account.

Oftimes, we find it necessary to renew numerous accounts for the balance whose payments have fallen two or three months in arrears. This cancells a "delinqent" account, and in its place, creates a new one, which invariably puts both borrower and lender more or less at ease "mentally"; putting new life into the account and showing the borrower that we have faith in him and that we are willing to go along with him to help him share his burden in consideration of the business he has entrusted us with.

When "industrial strifes" are active, applications for financial aid are numerous. It is here the loan man must use rare judgment in extending credit, which can only be done with the coöperation of his "appraiser." More thorough investigations must be given to applications, and all details as to income, if any, expenses, etc., must be fully covered.

If the "applicant" is not working, and has no other source of income, this may turn out a "poor risk." Where the "applicant" has other staple sources of income and sufficient credit rating, it would most always prove a safe risk.

Since this "emergency" has arisen, persons who have been in dire need have been benefited by our "Helpful Financial Service." This class of borrowers are those of good character, and will, through their appreciation of our service extended them in their darkest moments take care of their obligation in a satisfactory manner when their circumstances improve. This has been proven at the time of the previous mine suspension, which was in 1922.

Although the Small Loan Business in northeastern Pennsylvania has undergone several changes since September 1st 1925, the date of "Suspension of Coal Mining," we are maintaining our business to the best interest of all concerned when handling accounts during an emergency.

ROSTER OF LICENSEES

The Indiana Industrial Lenders Association has compiled and is offering for sale at $1.00 per copy, a roster of licensees, purporting to be a complete list of small loan companies in the United States.

The book says: "This is a complete list of licensees in regulated states so far as it is possible to obtain them and contains the names and addresses of 1687 companies in 411 cities and 33 states."

Distinguishing marks indicate whether the name listed is a member of the American, State, or both organizations.

The Preface states:

"Realizing the value in each office of a list of small loan licensees which has been impracticable for any one individual to compile because of the expense, Mr. D. R. Reynolds, of the Commonwealth Loan Co., Indianapolis, suggested this idea and the Indiana Industrial Lenders Association adopted it and authorized the publication, making it available to all licensees in the United States at a nominal cost of $1.00 per copy, which is about the cost of publication and distribution.

"The value of this book cannot be estimated, because delay in sending accounts to other offices has been necessary heretofore and invariably, it was necessary to write the State Secretary for the name and address of some company located in the desired city. This list will solve this problem for you.

"By referring to the number opposite each name, you can readily ascertain if they are members of the State Association, American Association, or both.

"We do not assume responsibility for the correctness of this list, as the names were furnished by the various State Secretaries and supervising officials. The constant changing of names, and addresses would prevent any list from being absolutely correct. However, we believe this one is as nearly correct as is possible.

"We apologize for any errors you may find and for the omission of the name of any licensee not contained in the list.

"We are sure you would readily accept the apology if you knew the problems we encountered in compiling the present list.

"In order to render the service for which this list has been compiled, we recommend its revision at least every other year."

The book can be put to many useful purposes and is certainly worth all that is asked for it.

Copies of the book may be had for $1.00 by writing the Secretary of the Indiana Industrial Lenders Association, 347 Bankers Trust Bldg., Indianapolis, Indiana.

ILLINOIS

Our spring meeting will be held on Friday, April 30th, at the Palmer House in this city.

A business meeting will be held in the afternoon from 4 p.m. until 6 p.m. After 6 p.m. there will be an informal dinner and dance in the Grand Ball Room.

We will be entertained by a humorous talk from Opie Read, the well-known author.

Good music will be provided and arrangements have been made for a big affair.

We want every one to be present and be sure to bring the ladies.

J. H. SANDERSON, *Secretary.*

CONVENTION NEWS

Plans for the forthcoming twelfth annual convention of the American Industrial Lenders Association, to be held in the Statler Hotel, Cleveland, Ohio, on September 15-16-17, are progressing nicely. The Ohio Industrial Lenders Association, which will act as host for this convention is on the job and have selected the general committee which is to have charge of all details.

Colonel D. H. Pond, 207 Blackstone Building, Cleveland, will act as General Chairman. H. C. Dunn, in care of The City Finance Co., 200 Erie Building, Cleveland, will be General Secretary, L. K. Osborne, 3237 Ruggery Building, Columbus, is chairman of Publicity. Frank J. Schneider, 2063 E. 4th Street, Cleveland, is chairman of the Entertainment Committee. The Speakers Committee is in charge of Harry Russell, Jr., in care of Beneficial Loan Society, 286 The Arcade, Cleveland. H. C. Dunn, in care of The City Finance Co., 200 Erie Bldg., Cleveland, heads the Hotels Committee. The chairman of the Program Committee is Dr. C. G. Mueller, 220 S. 16th Street, Philadelphia. Pa. J. Fred Anderson, 401 Bushnell Building, Springfield, Ohio, heads the Registration and Finance Committee.

Dr. C. G. Mueller, Chairman of the Program Committee, has made a special request that all suggestions pertaining to the program be sent to him at once as he is anxious to have a program representative of the best thought in the business, and up to date in all its aspects. As a preliminary to his work a letter has been addressed to each State Association Secretary in the hope that the matter will be brought to the attention of all the associations at their next meeting, in the hope that volunteers with ideas will come forth.

SHARK GETS $1,008 IN INTEREST ON $120 LOAN

When the county grand jury in the near future begins its fishing expedition against loan sharks it will have plenty of bait.

Complaints from scores of victims of the new "salary purchasing" plan, which nets the "brokers" as much as 70 per cent a month and sends the borrowers to the United Charities for the necessities of life, yesterday poured into the state's attorney's office and the officers of the charity organization, which started the campaign.

One of the victims, a railroad man, told the prosecutor's office he had paid $1,008 in interest on a $120 loan, which he renewed from pay day to pay day over a period of four years.

The loan he said was distributed among among three companies. Officials say they have information leading them to believe fifteen such concerns in Chicago are owned by the same interests, together with many in other cities in the United States.

One victim turned over to the prosecutors the following form of contract, which all borrowers are required to sign:

"Bill of sale for earned salary or wage account for $——.

"For value received in lawful money of the United States of America to me in hand paid by the Central Finance Company, 160 N. Wells St., receipt whereof is hereby acknowledged, I do hereby grant, bargain, sell and assign to the Central Finance Company my account, salary or wages earned by me during the period of —— ——."

For instance, a man earning $25 a week might sign such a contract in exchange for $22.50.

The contemplated prosecutions will be under the state usury law, which fixes 3½ per cent a month as the legal limit. —*Chicago Examiner, April 9.*

OBITUARY

We announce with regret the death of Mrs. Sol H. Vogel, wife of the former Chairman of the New Jersey Association, at Pasadena, Cafifornia, February 17th.

We extend to Sol and his daughter the sincere sympathy of all our members.

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